



2006/07 Annual Report



Letter of transmittal



23 October 2007

The Hon Morris Iemma MP
Premier of NSW
Level 40
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Premier

Natural Resources Commission - Annual Report 2006/2007

It is my pleasure to forward to you for presentation to the NSW Parliament the Annual Report of the Natural Resources Commission (NRC) for the year ended 30 June 2007.

The NRC Annual Report has been prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Williams".

John Williams
Commissioner

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About this report

This annual report describes the Natural Resources Commission's activities in 2006/07 and the work we expect to do in 2007/08. Our work is closely tied with the successes and challenges of the natural resource industry in NSW; however, natural resource issues are not bound by financial or calendar years. Many of the chapters within this report explain our work within the context of current natural resource management arrangements, and provide our vision for natural resource management in NSW.

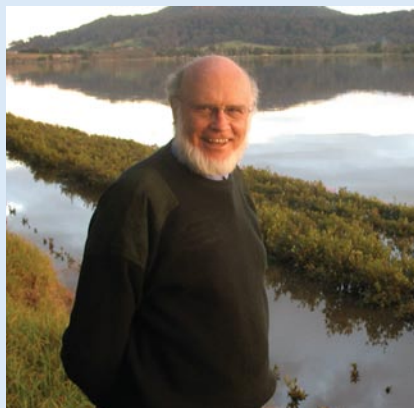
This report highlights the three areas where we believe NSW has the greatest opportunity to lead best practice management, and these areas represent a large part of our work during 2006/07: the state-wide model for natural resource management; vegetation; and the coast.

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Commissioner's foreword



We rely on healthy, functioning landscapes to sustain our rural and urban communities, and I think that we are all acutely aware of the pressures that threaten our valuable natural assets. Water shortages and rising temperatures give us daily reminders about our dependence on our natural infrastructure, and climate change, drought, coastal development and population growth are only some of the pressures that are taking their toll.

Despite these immense challenges I remain optimistic. Australian communities have enormous capacity to respond and adapt to change. We don't need to be scared about the future with a changing climate, less water and more people, but we do need to act now and focus on what we want our future to look like so that we can adapt to and meet these challenges. We need to take a long-term, visionary approach to ensure that our landscapes can support us into the future.

The Natural Resources Commission has a vision of what we want the future to look like, and presented that vision in a series of state-wide targets. These targets are for biodiversity, land, water and community and are now part of the NSW Government's State Plan. This means that the whole of the government is committed to improving the condition of our natural

resources—and will be held accountable for it. Achieving these targets will lead to healthy waterways, good-quality native vegetation and habitat, and land that is managed responsibly so that our environment can continue to support the livelihoods of our primary producers and host vibrant rural, coastal and metropolitan communities. The NRC has also set a benchmark for how we should all do business in natural resource management to give us the greatest chance of achieving our targets, and this benchmark is outlined in the *Standard for Quality Natural Resource Management*.

Catchment Management Authorities are leading the way in working towards the targets, and have set out their visions for the future in Catchment Action Plans. These plans are 'prospectuses' for investment in natural resource management, and it is vital that all of government and the community embrace them. I want to see investment in our natural infrastructure become mainstream business for both government and the whole community.

With the foundations of a good system in place it is essential that we maintain our focus on the targets and continue to improve the way we do business to achieve our goals. The NRC's independence ensures that we will continue to provide sound, objective advice to the NSW Government to support improved decision making, promote better performance and keep the system accountable.

However, I see one pressing need that threatens our ability to achieve our vision for the future: we do not have enough scientific evidence about the condition of our landscapes against which we can measure our progress. Good data is critical for managers to be able to make the best

decisions. The community also needs to know whether we are spending our money effectively and improving the condition of our natural resources. The NRC will report on progress towards all of the state-wide targets in future years, and we will continue to promote the immense value of good monitoring. We must do this well to have any hope of achieving our goals.

By focusing on what we want to achieve, I have every confidence that our state's natural resource managers can successfully manage our landscapes to ensure secure, functioning ecosystems for the future. Individual issues and challenges can seem overwhelming, so let's focus on the vision: the stewardship of natural resources that is needed to have healthy and functioning landscapes. The NRC moves into 2007/08 with that vision in mind, a vision for natural resource management in NSW that is based on best practice decision making and solid science. With the vision in place, now is the time for all agencies, CMAs, landholders and other stakeholders to work together to improve the health of our landscapes and communities.

Dr John Williams

Achievements in 2006/07

The Natural Resources Commission (NRC) provides the NSW Government and the community with confidence that natural resource management in NSW is on track to be professionally run as mainstream business. We focus on ensuring natural resource management decisions are based on sound science and best practice management. Our work during 2006/07 reflects this focus.

In November 2006, the NSW Government embedded the state-wide targets for natural resource management, recommended by the NRC, in Priority E4 of the *State Plan: A New Direction for NSW*. Achieving these targets is the first step towards ensuring we all enjoy healthy and productive landscapes and communities in the future. Catchment Management Authorities (CMA) are required to promote these targets through their Catchment Action Plans; however, embedding the targets in the State Plan makes the NSW Government accountable for their achievement. These outcomes can only be achieved if we are all working towards the same goals.

During 2006/07, the NRC undertook an independent review of 12 CMA's Catchment Action Plans, in collaboration with relevant NSW and Australian Government agencies. We assessed the extent to which each plan complies with the *Standard for Quality Natural Resource Management* and other government requirements, and is likely to promote the achievement of the state-wide targets. Based on our review, we recommended the NSW Government approve 11 of the plans (the twelfth was recommended for approval in July 2007). We also published a report examining eight of the Catchment Action Plans, *Progress of Catchment Action Plans: Their Place in Current and Future Natural Resource Management in NSW*.

In addition, the NRC responded to three requests from the NSW Government to investigate complex natural resource management issues. Firstly, we investigated the economic impacts of purchasing water to increase river flows and improve river health. We found that the economic impacts of the government's proposed water entitlement purchases were likely to be small, and identified three key issues to address in future government purchasing programs.

Secondly, we examined the science underpinning the Lower Lachlan Groundwater Sharing Plan and found that the information used to inform the average annual recharge estimate and the provisions for groundwater dependent ecosystems contains relatively high levels of uncertainty. We recommend that the NSW Government adopt a precautionary approach to setting extraction limits because of this high level of uncertainty.

Thirdly, we explored the benefits and practicalities of landscape-scale native vegetation management. We found that vegetation should be considered as part of a broader landscape, not as an isolated entity. If CMAs are to implement a landscape approach they will need more flexibility and capacity. Therefore, we recommended the current regulation of native vegetation be refocused.

Also during 2006/07 we:

- started work on our draft Catchment Action Plan audit framework
- reviewed different monitoring frameworks and worked with government agencies to implement the NSW Monitoring, Evaluation and Reporting Strategy
- provided advice on Snowy Hydro's cloud seeding trial



The Hon Ian Macdonald MLC (second right), the then NSW Minister for Natural Resources, launches the Central West CMA's Catchment Action Plan. With him are (left to right) Tim Cox (Catchment Coordinator for the Ben Chifley Steering Committee), Tom Gavel (Chair, Central West CMA) and Councillor Paul Toole (Bathurst Regional Council).

- provided the secretariat to the Ministerial Review Committee for the implementation of the native vegetation regulations (and our Commissioner chaired the committee)
- started work on a revised guide to the *Standard for Quality Natural Resource Management in NSW*, to help facilitate the widespread adoption of the Standard
- engaged consultants to provide CMAs with support in developing their management systems
- provided six pieces of advice on the environmental outcomes assessment methodology under the *Native Vegetation Act 2003*
- responded to 61 requests for advice under the *State Environmental Planning Policy 71: Coastal Protection (SEPP 71)*.

1 The Natural Resources Commission

Our vision

Natural resource management decisions based on sound science and best practice management, and made in the environmental, economic and social interests of the state.

NRC staff visited creek stabilisation works and riparian plantings near Tamworth. This CMA-funded work will improve water quality.

Charter and Objectives

The Natural Resources Commission was established under the *Natural Resources Commission Act 2003* (the NRC Act) to provide the NSW Government with independent advice on natural resource management issues.

Our independence is vital to our ability to meet our objectives and improve natural resource decision making in NSW. We provide objective and practical advice to government after listening to all stakeholders, drawing on the best available knowledge and analysis, then making our own judgements. The NRC Act requires all our reports to be publicly available.

Since April 2007 the NRC has reported to the Premier alone. Prior to April we reported jointly to the Premier and the Minister for Natural Resources.

We developed and recommended a *Standard for Quality Natural Resource Management* (the Standard) and the state-wide targets for natural resource management in NSW. The NSW Government adopted our recommendations and embedded the state-wide targets in the NSW State Plan.

We now facilitate the adoption of the Standard and promote the achievement of the targets. We will also review the Standard and targets as we learn more about the implementation of the Standard, and collect data on NSW's progress towards achieving the targets.

The Standard and targets are complemented by our auditing and reporting functions. Together, these form a framework for quality natural resource management in NSW that will help us to live in healthy and productive landscapes and communities.

The NRC Act requires us to review Catchment Action Plans, and audit the effectiveness of the implementation of those plans in achieving compliance with the Standard and state-wide targets. This auditing ensures CMAs are accountable for the implementation of their Catchment Action Plans, and will promote adaptive management. We will begin auditing in 2007/08.

The State Plan charges us to report on the state's progress in meeting the state-wide targets. This reporting will help assess the overall effectiveness of natural resource management in NSW and inform scientific understanding of the changes in the environment, as well as future policy and investment decisions. We will begin reporting in 2007/08.

In addition to these ongoing functions, the NRC reviews scientific and technical issues, as requested by the government. The NSW Government makes these requests in the form of a specific Terms of Reference, or through legislation. For example, we have an ongoing role under the *Snowy Mountains Cloud Seeding Trial Act 2004* and in October 2006 we were provided with a Terms of Reference to investigate the scientific basis of the





Zero-till machinery in action at the Central West Conservation Farming Association Field Day Wellington; this annual event is sponsored by the Central West CMA (photo: Tim Gardiner).

Lower Lachlan Groundwater Sharing Plan. Appendix 1 provides a full list of relevant legislation and describes the provisions with respect to the NRC.

Clients and stakeholders

As the NRC's primary role is to provide independent advice to the NSW Government, our main clients are the NSW Premier and Cabinet. We also discuss natural resource management issues with a range of stakeholders, including the state's 13 CMAs, Australian and NSW government agencies, landholders, local government, and various environmental groups. We work most closely with the NSW Department of Environment and Climate Change (formerly the Department of Environment and Conservation and the Department of Natural Resources) and the NSW Department of Primary Industries.

We engage with our stakeholders, drawing on their knowledge and experience, to ensure we use the best available knowledge to inform our decisions, to develop a common understanding through cooperative learning, and to build mutual trust and partnership.

Some examples of our work with stakeholders include:

- holding a workshop for landholders and community groups to explore the potential benefits of managing vegetation at a landscape scale
- consulting with irrigators and the local CMA to understand their concerns as part of our review of the Water Sharing Plan for the Lower Lachlan Groundwater Source
- liaising with representatives from the Department of Environment and Climate Change and the CMAs to consider their concerns about the environmental impacts of the cloud-seeding trial in the Snowy Mountains.

During the year the Natural Resources Commission, Dr John Williams, delivered presentations at 18 conferences and other gatherings, and met with other natural resource stakeholder groups such as the Natural Resources Advisory Council.



Our Commissioner, Dr John Williams, made presentations at many conferences and gatherings during the year. Key messages included:

- Placing the state-wide targets in the State Plan commits the whole of the NSW Government to improving the condition of our natural resources—and they will be held accountable for it
- We have robust arrangements in place to achieve these targets, namely the Standard, CMAs and their Catchment Action Plans, monitoring, evaluation and reporting systems, and the NRC's auditing function
- We all need to work together towards achieving these common goals

Leadership and and structure

The Commissioner is responsible for exercising the functions of the NRC Act and providing independent advice to the NSW Government. The Commissioner is supported by four Assistant Commissioners and an Executive Director who provide high level expertise in different areas. The Commissioner and Assistant Commissioners are all widely regarded as leading experts in the fields of agriculture, sustainable development, environmental education, environmental science and auditing. The Executive Director is responsible for leadership and strategic management of the NRC.



Dr John Williams BSc Agr (Hons) PhD
Commissioner

John is one of Australia's most respected scientists, and has led the national scientific debate about sustainable land management. Prior to joining us in 2006, he was Chief Scientist for the NSW Department of Infrastructure, Planning and Natural Resources. He also has 10 years experience in leadership positions with the CSIRO's Land and Water Division. In 2005, his contribution to the agricultural industry was recognised when he was awarded the prestigious Farrer Memorial Medal for achievements and excellence in agricultural science.

In addition to his role as Commissioner, John is a member of the Wentworth Group of Concerned Scientists, the Scientific Advisory Committee for the Murray Darling Freshwater Research Centre, the International Reference Panel for Natural Sequence Farming, the Advisory Board for the Commonwealth Environment Research Fund, and the Board of Landcare Australia.

John's work is characterised by a vision for productive and sustainable land use. He grew up on a grazing property in NSW, and has always been interested in production systems, particularly the soil supporting our primary industries.



Di Bentley BSc Agr
Assistant Commissioner

Di's extensive involvement with regional community bodies brings valuable insight and perspectives to the Commission. In addition to her role as Assistant Commissioner, Di holds positions with Land and Water Australia, the Cotton Catchment Communities Cooperative Research Centre, and the Northern Panel of the Grains Research and Development Corporation. Di was also the first woman appointed to the CB Alexander Foundation, which holds in trust for the Crown the historic Tocal Homestead and its lands.



Peter Egger BE (Elec), MBA
Assistant Commissioner

Peter has wide-ranging experience in industry reform, strategic planning, risk management, dispute resolution and auditing. He has been closely involved in reform of the energy industry, both within Australia and overseas, and has worked in several countries in the Asia-Pacific region. He advises government, industry, regulators and non-government organisations, and is currently assisting the Independent Pricing and Regulatory Tribunal of NSW in the operation of the NSW Greenhouse Gas Reduction Scheme.





Dr Ronnie Harding BA, BSc(Hons), PhD
Assistant Commissioner

Ronnie is an academic with 30 years experience in environmental management. As Director of the Institute of Environmental Studies at the University of New South Wales she introduced a Master of Environmental Management. She has experience on numerous boards, councils and advisory bodies in the public sector, industry and environmental organisations. She has worked in the areas of environmental education, ecologically sustainable development, monitoring and reporting systems, environmental risk, metropolitan water management and environmental management systems.



Dr David Leece MSc Agr, PhD, FAIAST, FAIBiol, FAICD
Assistant Commissioner

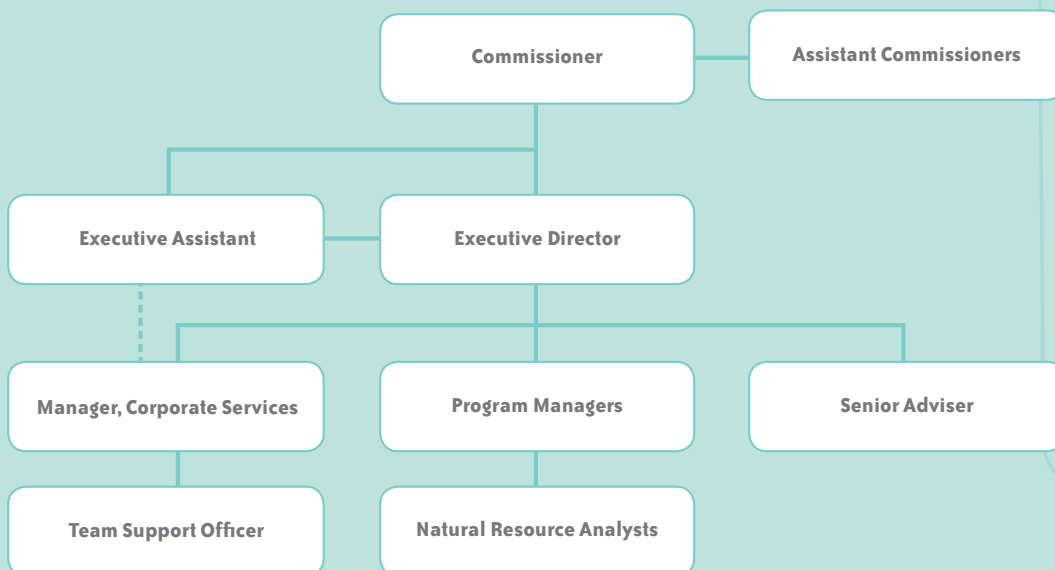
David started his career as a research scientist in the Department of Agriculture, becoming a senior executive in the State Pollution Control Commission and the Environment Protection Authority. Among other things, David served as the Deputy Commissioner of the Murray–Darling Basin Commission for 12 years. He is now a company director and a consulting scientist in environment protection and natural resource management. David was awarded the Public Service Medal in 2000 in recognition of his service to environmental protection.



Alex McMillan BEc(Hons) LLB
Executive Director

Alex has more than 15 years experience in executive management, public policy and utility regulation. Prior to establishing the NRC, Alex established the NSW Greenhouse Gas Reduction Scheme, which was one of the first greenhouse gas emissions trading schemes in the world. His expertise is in creating cultural change, business systems and metrics needed to drive the success of new public policy initiatives.

THE NATURAL RESOURCES COMMISSION 2006/07 ORGANISATIONAL STRUCTURE



2 The state-wide story

The NRC is helping natural resource management become mainstream business for government and the whole community so that we can all enjoy living in healthy and productive landscapes and communities.

This crop of cereal rye, undersown with perennial pasture through zero-till cultivation, will improve soil health.

Background

NSW has established an innovative model of regional planning and investment in natural resource management. Unlike previous regimes, this new model makes natural resource decision makers accountable for their decisions. The model includes a quality standard for natural resource management and an agreed set of state-wide targets to guide decision making (see box opposite). It also includes the devolution of significant responsibilities to the 13 regional CMAs, and regular reporting and auditing to promote accountability and adaptive management.

The NRC ensures the best natural resource management decisions are made by providing independent, objective advice to

government. We worked with stakeholders to develop the Standard and state-wide targets, which provide the basis for sound decision making by CMAs and other natural resource managers. CMAs must comply with the Standard in developing and implementing their Catchment Action Plans, and contribute to achieving the state-wide targets. We will audit the effectiveness of CMAs' Catchment Action Plan implementation against the Standard and targets. We will also regularly report on NSW's progress towards the targets, making decision makers accountable for their decisions and providing them with information that they can use to adaptively manage their natural resource activities.

Many institutions, groups and individuals have important roles in this new model—including CMAs, other government agencies, local government, landholders, industry and the community. CMAs are responsible for bringing together the priorities of both the NSW Government and the Australian Government, as well as those of local communities, to develop and implement a Catchment Action Plan. These plans are a critical part of the regional model for natural resource management as they act as strategic plans, or 'investment prospectuses', for each region. As Catchment Action Plans continually improve they should become the primary vehicle for public and private investment in natural resource management and provide the continuity and stability needed to make natural resource management a good investment.

The NSW and Australian governments provide CMAs with the funding they need to implement their Catchment Action Plans. In addition, government agencies provide CMAs with support by providing information, and monitoring environmental changes. Government agencies also lead the development of





THE STANDARD AND TARGETS

In November 2006 the NSW Government embedded the Standard and state-wide targets in Priority E4 of the State Plan. The targets set out desired medium-term outcomes for:

- native vegetation, fauna populations, threatened species and invasive species
- rivers, oceans, wetlands, estuaries and coastal lakes
- soil condition and land management
- economic and social productivity
- our ability to manage our natural resources.

The targets set out what we need to achieve if we are to enjoy healthy functioning landscapes and communities in the future. Healthy and functioning landscapes means:

- the ability to adapt to climate change
- vibrant farms that balance production with biologically diverse landscapes
- thriving rural, coastal and metropolitan communities
- healthy rivers that supply water for agricultural and urban use, as well as environmental flows
- primary production that is competitive in national and international markets
- ecologically sustainable environments.

The Standard defines quality processes that deliver best practice natural resource management. It consists of seven interdependent components and is designed to promote accountability, rigour and continuity in natural resource management within an adaptive management framework. Its widespread use by natural resource managers will mean that our natural resource management efforts will be based on the best available knowledge, and will be improved in response to new knowledge and experience. It will also mean that taxpayers' money is spent on the right things at the right time. It will promote innovation and sustainable development through encouraging appropriate trade-offs between environmental, economic and social outcomes.

Together, the Standard and targets set state-level goals for natural resource management, and ensure the best decisions are made to achieve these goals.

The Standard and targets, and the NRC's ongoing reviews and audits of Catchment Action Plans, provide the checks and balances in the state's regional model for natural resource management.

CASE STUDY

A collaborative approach to natural resource management



Mundego Swamp at Wingello, which is part of the four Paddys River Swamps listed as Wetlands of National Importance. It is entirely privately owned by two owners.

The Hawkesbury Nepean Wetlands Management Program is a good example of a CMA working with local councils, individual landholders and community groups to achieve their targets. The program aims to restore and protect wetlands on private property, council reserves and Wetlands of National Importance.

There are six wetlands listed as Nationally Important in the catchment: four are managed by DECC and the other two are managed by individuals, local councils, State Forests and the Department of Lands. Property owners in these areas have been approached by the CMA to look at property management options and funding opportunities to increase the health of the wetlands. The CMA is working with all relevant groups to develop Plans of Management that identify the wetlands' values, their threats and appropriate management actions.

The Wetlands Program also includes incentive funding for smaller landholder and local council projects, subject to

review by an independent panel. Wetland management on privately owned properties is targeted towards floodplain wetlands and coastal and upland swamps, and is available for actions such as fencing to restrict stock access and installing alternative stock watering systems, bush regeneration and weed control. The CMA also partners with local councils to deliver local projects such as trialling new techniques to protect and restore the Upland Hanging Swamps in the Blue Mountains.

The program is a good illustration of how effective collaboration with stakeholders can lead to improved condition of our natural resources. The process involves ongoing engagement between the CMA and the landholders. Each project runs for 12 months and the CMA conducts site visits to review progress at least every six months. Although none of the projects have been completed, the CMA expects that the program will result in a great improvement in the condition of the wetlands.



CMA's work closely with landholders to implement sustainable farming practices. Here, a landholder uses a solar-operated pump for more efficient water use across his property.

natural resource management policy and legislation. The development and delivery of Catchment Action Plans would be impossible without this support.

Local government, landholders, industry and the community also play important roles. For example, they provide input into the CMA's strategic planning processes and contribute to Catchment Action Plan implementation through their on-ground natural resource management.

Our work this year

Review of Catchment Action Plans

It is important that both government and communities have confidence in CMA's natural resource management investments. The NRC provides this confidence by independently reviewing the Catchment Action Plans in collaboration with NSW and Australian government agencies. During 2006/07, we established a single, whole-of-government process that reviewed the plans' consistency with the Standard, promotion of state-wide targets, and their consideration of other government requirements.

We reviewed 12 Catchment Action Plans during 2006/07 and recommended the NSW Government approve 11, as these

plans complied with the Standard and promoted the state-wide targets. (Outside this reporting year, we recommended the twelfth plan be approved.) At July 2007, the NSW Government had approved eight of the recommended plans, with the others yet to be considered.

Two Catchment Action Plans stood out as strategic plans: those of the Hunter-Central Rivers and Namoi CMA's. Both these plans were developed using rigorous and transparent processes that demonstrated compliance with the Standard. They were based on a fresh assessment of natural resource issues in the catchment and clearly explained how the CMA's identified priorities and determined targets.

In September 2006 we published a report summarising our findings on the first eight Catchment Action Plans we reviewed: *Progress of Catchment Action Plans: Their Place in Current and Future Natural Resource Management in NSW*. This report also described our review process, the key areas where CMA's need to improve their plans and the assistance they need to achieve this change.

This report identified that if Catchment Action Plans are to be integrated, whole-of-government plans for natural resource management, the following needs to occur:

- legislation and policies be modified so that they are consistent across urban/coastal areas and rural areas
- CMA's reporting burden and transaction costs be reduced by negotiating more streamlined reporting and funding arrangements
- transparent long-term government investment in CMA's to promote stability and continuity and attract non-government investment
- the NSW government as a whole should broadly endorse the Catchment Action Plans (rather than simply the Minister for Climate Change, Environment and Water), and they should be considered across all relevant government portfolios
- agencies and CMA's need to work together to implement the NSW Monitoring, Reporting and Evaluation Strategy for Natural Resource Management to generate meaningful information on resource condition and on the effectiveness of investments
- CMA's need to more clearly justify and communicate decisions about their investment priorities, and to identify and manage risks to achieving their targets.

This document, along with our recommendation on each CMA's



Murrumbidgee CMA is working with this landholder to remediate severe gully erosion, improving soil health and downstream water quality.

Catchment Action Plan, is available on our website.

CMA's are now implementing their Catchment Action Plans to deliver results on the ground. The next, critical stage in the evolution of Catchment Action Plans is for all stakeholders to embrace them as the integrated investment and action plans for natural resource management in each region.

Monitoring, evaluation and reporting

Effective monitoring, evaluation and reporting is essential to inform natural resource management decisions. The NSW Government, relevant government agencies and CMA's have developed a Monitoring, Evaluation and Reporting Strategy to support CMA's' decision making. The aim is to have a system in place that:

- informs all natural resource management policy and investment decisions
- measures progress towards achieving state-wide and catchment targets
- enables adaptive management
- better integrates different monitoring programs through the leadership of state government agencies.

The NRC is working with agencies and CMA's to ensure that all components of

the Monitoring, Evaluation and Reporting Strategy are implemented. During 2006/07, we worked with the estuary and coastal lakes and the vegetation monitoring teams, which comprise government agency and CMA staff. These teams are conducting pilot projects to determine whether baseline information can be obtained, and are manipulating and reporting at a variety of geographic scales and in a way that is meaningful to decision makers.

We also conducted a comparative assessment of three institutional models to assess what makes monitoring, evaluation and reporting effective in other jurisdictions and industries. The purpose of our review was to provide insights to parties involved in implementing the Monitoring, Evaluation and Reporting Strategy. The review identified five attributes of effective monitoring, evaluation and reporting systems. Two are particularly important: having strong drivers and ensuring information generated from the system is useful to investors and decision makers. The other attributes are: adopting a standardised approach, establishing a good governance structure, and ensuring adequate funding for the system. We prepared a document explaining these findings, *Monitoring, Evaluation and Reporting: A Comparative Review of Three Institutional Models*, which is available on our website.

Audit framework

The NRC is responsible for auditing the effectiveness of the implementation of Catchment Action Plans, to provide confidence that CMA's are delivering on the targets in their plans, to promote adaptive management, and to help assess the overall progress NSW is making towards achieving the targets in the State Plan.

During 2006/07 we began developing a draft audit framework for Catchment Action Plans. The framework is the first step in planning the delivery of audits over the lifecycle of Catchment Action Plans, and will provide clarity on how this function will be delivered. It will explain how and

how often we will conduct the audits, and outline the principles and practices that will be common to all audits.

Supporting CMAs

CMAs are developing business systems to allow them to consistently meet the best practice benchmarks defined in the Standard. In 2006/07 we continued to work with CMAs to help them learn about and use the Standard, and identify how they can improve other aspects of their natural resource management.

We offered systems analysis support to each CMA, and engaged two consultants, Helman Consulting and Hyder Consulting. Eleven of the 13 CMAs took up the offer to work with the consultants to develop and implement business management systems that comply with the Standard. The consultants developed work plans, held workshops with CMA staff to increase their knowledge about effective business management systems, and began to implement some priority systems. Their work also enhanced our own understanding of the practical use of the Standard by CMAs.

Guide to using the Standard

During 2005/06 we produced a *Guide to using the standard for quality natural resource management*, which presented guidance on how CMAs might meet the Standard in their activities and gain maximum benefit from it. This guide was intended to be an evolving document, to be updated as our knowledge and experience of using the Standard increased.

In 2006/07 we developed an updated guidance document, which aims to facilitate the use of the Standard by natural resource managers in addition to CMAs. We believe broader use of the Standard will foster coordination and integration between natural resource managers at all geographic and institutional scales and strengthen the quality of decision making throughout the sector. This will improve the likelihood that the state-wide targets will be achieved.

CASE STUDY

Government working with communities to support CMAs

The Department of Environment and Climate Change is working in partnership with CMAs on the Natural Heritage Trust's Aboriginal Knowledge and Cultural Values in Natural Resource Management initiative. This initiative will have a strong focus on local natural resource management priorities for the Murrumbidgee, Lachlan, Central West, Hawkesbury Nepean, and Hunter-Central Rivers CMAs. The identification of Aboriginal values in the environment will support the future prioritisation of Aboriginal natural resource and environmental outcomes within each catchment.

Dynamic and interactive regional-scale mapping will be carried out within Aboriginal communities. This mapping will be done in a culturally appropriate manner that protects sensitive Aboriginal knowledge. Agreed mapping products and information will inform CMAs and other agencies about Aboriginal values and interests that demand consideration and protection as part of their management of natural resources and the environment.

The employment of Aboriginal community mentors, to facilitate the mapping and identification of Aboriginal knowledge and values, is an important part of the project. Local capacity building workshops will support two-way dialogue between Aboriginal community and government so that natural resource management practices can better support and protect cultural values within the environment.

Community input is a key focus for the initiative, as it will enable Aboriginal people to better identify opportunities and outcomes that may result from management of the environment. This project will add value to the CMAs' engagement of Aboriginal communities in their natural resource management.

The future

In 2007/08 we will finalise our audit framework. This will involve consulting with selected CMAs and government agencies on the draft framework, having the draft peer reviewed, then conducting public consultation. We expect to finalise the framework in late 2007, and will then begin to implement the audit program.

We will also finalise and publish the new guide to using the Standard. In addition we will continue to encourage other natural resource managers to consider adopting the Standard to continually improve the way they do business and coordinate natural resource management efforts across the state.



3 Vegetation

Improving the condition of natural resources requires the integrated management of all parts of the landscape, and needs to recognise environmental, social and economic values. If this is achieved, we will have well-functioning biophysical resources, and we will be in a better position to achieve the state-wide targets.

Background

In 2003 the NSW Government committed to ending broadscale clearing, unless the clearing improves or maintains the environment. The *Native Vegetation Act 2003* was enacted to achieve this. NSW Government agencies have developed a computer tool to help CMAs determine whether a clearing activity improves or maintains the environment. This tool, the Property Vegetation Plan Developer, is also used by CMAs when making other native vegetation management decisions.

The Property Vegetation Plan Developer represents a significant improvement in the supply of information to decision makers. However, the Developer was primarily designed as a site-specific assessment tool, and it does not always promote consideration of the geographic scale at which many environmental processes occur.

Best practice natural resource management is moving away from the traditional environmental assessment process that focuses on the site, and

moving towards a landscape approach to decision making. The NRC's work during 2006/07 supports this landscape approach.

Our work this year

Managing vegetation at the landscape scale

In November 2005 the then Minister for Natural Resources asked the NRC to advise on whether it would be practical and beneficial for CMAs and private landholders to develop native vegetation management plans at the landscape scale and covering multiple properties.

We made our recommendations in June 2007 in a report, *A Landscape Approach to Vegetation Management*. We argued that vegetation plays a key role in maintaining landscape processes, and understanding that role is fundamental to maximising the environmental, economic and social values that can be achieved in particular landscapes.

We believe the government should adopt a landscape approach to natural resource

NRC staff toured this property on the Barwon River while researching a landscape approach to vegetation management.



management. A landscape approach is one that:

- recognises underlying biophysical processes and their importance in supporting the environmental, economic and social values that society identifies for that landscape into the future
- understands vegetation as a key tool for ensuring all biophysical processes continue to function well
- recognises the relevant spatial scale for each process and resource under consideration
- requires spatial maps and other tools to express natural resource management priorities, demonstrate landscape processes and functions, help visualise future landscapes, and link on-ground actions to catchments targets and priorities.

Adopting a landscape approach will require refocusing of the current native vegetation legislation. In addition, CMAs and government agencies need to proactively use existing process to refine the current Property Vegetation Plan Developer, and CMAs need greater flexibility to build on the strengths of the Property Vegetation Plan Developer, while being better able to engage landholders and communities in managing landscapes.

The NRC consulted widely to prepare this advice, in recognition of the complexity of the topic, and the range of stakeholders. During 2005/06 we released an issues paper to canvass a range of stakeholder views (this paper received 26 public submissions), we met with stakeholders, and held an expert workshop.

During 2006/07 we presented our draft findings and recommendations in *Managing Vegetation at the Landscape Scale* and subsequently we have finalised this paper. In conjunction with the draft



report, we released a *Draft Guide for Multi-property Vegetation Plans*. This draft guide explains how CMAs can use the Standard to promote and assess vegetation plans where they extend across multiple properties. We conducted a case study to review the ways in which CMAs might assess multi-property plans, had further discussions with some stakeholders, and held workshops to discuss the draft report. Each of these reports is available on our web site.

NRC staff attended a Landscape Function Analysis course with landholders at Fowlers Gap Research Station in western NSW.

Ministerial Review Committee

The commencement of the *Native Vegetation Act 2003* and its regulations marked a major change in vegetation management in NSW. At the end of 2005, the then Ministers for Natural Resources and for Environment and Conservation established the Ministerial Review Committee to monitor the implementation of the native vegetation regulations and the delivery of financial incentives to farmers through property vegetation plans.

The NRC provided the secretariat to the committee, and the Commissioner chaired. We worked with stakeholders to identify and research issues of concern, and presented the analysis together with a

NRC staff toured this property near Broken Hill with its dry creekbed, gaining a greater understanding of the far western landscapes.



range of statistics to the committee at their monthly meetings.

The committee reported monthly to the Ministers and prepared a consolidated report in October 2006, summarising the advice provided during the lifetime of the committee. The committee noted that much work had been done by state agency and CMA staff to address transitional issues. Among other things, the committee recommended the continual updating of the databases underpinning the Property Vegetation Plan Developer. The committee's consolidated report is available at www.nativevegetation.nsw.gov.au.

As the committee was established to oversee the introduction of the new regulations, it was disbanded in November 2006. Since then the NRC has been given the responsibility of providing ongoing advice on proposed changes to the methodology that sits within the regulations (see *Changes to the Environmental Outcomes Assessment Methodology*).

Changes to the environmental outcomes assessment methodology

In accordance with the *Native Vegetation Regulation 2005*, the Minister for Climate Change, Environment and Water must seek

advice from the NRC regarding proposed amendments to the environmental outcomes assessment methodology within the Property Vegetation Plan Developer. In addition, the NRC must be consulted about any proposed changes to databases that support the methodology.

During 2006/07 we supported best practice decision making by reviewing six proposed changes to the methodology and databases. The methodology changes were for the invasive native scrub tool, the land and soil capability tool, and a collection of general amendments. We were also consulted regarding changes to the vegetation and threatened species databases.

We supported most of the proposed changes to the invasive native scrub tool but recommended rejecting those which were not scientifically robust. We recommended that CMAs should offer incentives to manage invasive native species, that additional research should be conducted on these species and their management, and that the tool should be continually upgraded as better information becomes available. We did not support the changes to the land and soil capability tool because we felt they complicated the tool and there was no driver for changes to the tool from CMAs or the community.

CASE STUDY

The NRC review of changes to the invasive native scrub tool

The term 'invasive native scrub' describes any species that invades plant communities where it has not been known to occur previously, or vegetation types that regenerate densely following disturbance.

Invasive native scrub has always existed in NSW. Many landscapes consisted of mosaics of open and park-like land, and dense woodland and scrubland. That mix has shifted since European settlement, with an increase in invasive native scrub in some places. This in turn has resulted in a loss of stocking capacity, increased soil erosion and reduced biodiversity.

The invasive native scrub tool is a component of the environmental outcomes assessment methodology, under the *Native Vegetation Regulation 2005*. The tool aims to rehabilitate native vegetation to create a mosaic of pre-European style vegetation communities.

The NRC reviewed proposed changes to the invasive native scrub tool to determine whether the amendments would lead to better environmental outcomes. In developing our advice we drew on outcomes of the Central West CMA trial of the proposed amendments, submissions from stakeholders and peer reviews from three independent scientists.

We supported the majority of the proposed amendments. However, one amendment was not sufficiently justified and we did not support its adoption. We also suggested changes to specific amendments, and made some suggestions which we believe would assist the implementation of the tool and identifying future amendments.



Dodonaea, commonly known as the hop bush, is an invasive native species in some parts of NSW. (Photo: Australian National Botanic Gardens)

We have supported continual improvement of databases and have recommended that responsible agencies consider ways to reduce uncertainty associated with data, through use of peer review and other methods.

Our recommendations on the changes to the methodology can be viewed on our web site.

The future

During 2007/08 the NRC will continue to provide advice to the Minister on proposed changes to the environmental outcomes assessment methodology. We will also continue to promote the adoption of a landscape approach to natural resource management. We cannot achieve

sustainability if we continue to manage natural resources at the property scale. Instead, we need to manage at a much larger scale, recognising the roles different natural resources play in the broad functioning of the environment.

Our reporting on NSW's progress towards the state-wide targets during 2007/08 will also provide us with the opportunity to promote quality vegetation management. As new legislation has been adopted and the transition into this new regime has been managed, it is now time to ensure we have information that will allow us to assess our progress and adaptively manage.

4 The coast

Coastal areas are highly valued. Many of us live and work on the coast, and some of our highest value natural resources are located on the coast. One of our key challenges in achieving the state-wide targets on the coast is to integrate land-use planning with natural resource management.

Background

Natural resource management involves trading off competing values, coordinating the actions of a range of institutions and individuals, and addressing a variety of pressures. This can be particularly complex in coastal areas.

We value the coast highly and use coastal areas for multiple, often competing, purposes. These areas tend to be managed by a range of authorities and layers of government, each with different roles. There are also a variety of pressures on the coastal environment. Population growth, urban development and recreational activities all affect the condition of the natural resources. And the impacts of climate change—such as rising sea-levels and the increased risk of catastrophic events—are likely to magnify these pressures.

The regional delivery model for natural resource management—including the Standard, the state-wide targets, auditing and reporting—provides a framework for managing the competing uses, values and pressures on the coast. However, there are

issues preventing this model from working most effectively on the coast.

Our work this year

During 2006/07 we released a number of reports addressing state-wide natural resource management issues. Several of these reports identified solutions to overcome the inherent difficulties associated with natural resource management on the coast. Three important solutions are:

- a common set of goals for land use planning and natural resource management
- consistent legislation governing native vegetation management in rural and urban areas
- greater flexibility for coastal and urban CMAs to invest in planning and coordination.

In our report, *Master Planning Under SEPP 71: Periodic Progress Report*, we identified some problems that arise when current land use planning processes do not consider the state-wide targets for natural resource management. Incorporating natural resource management priorities in land use plans would provide further opportunities to protect and manage our highest value natural assets. The NSW Government has recognised this issue; the State Plan identifies the need to integrate catchment planning with regional land use and local government planning.

Our report *A Landscape Approach to Vegetation Management* identified further problems associated with conflicting legislation. Specific native vegetation legislation applies to most of NSW. However, planning legislation controls the clearing of native vegetation in urban areas. There are fundamental differences in the operation of these two pieces of legislation. Unless these approaches





This wetland at Lake Macquarie was built by the Office of the Lake Macquarie and Catchment Coordinator to filter stormwater run-off into the lake, and is an example of a successful collaboration between agencies, councils and CMAs. (Photo: Nicholas Shields)

are aligned, some of the highest value vegetation in coastal and urban areas remains unprotected, potentially resulting in a significant loss of biodiversity.

One of the key findings of our report *The Progress of Catchment Action Plans: Their Place in Current and Future Natural Resource Management in NSW* was that CMAs in coastal areas would benefit from having greater flexibility to engage and invest in strategic planning and coordination, and less in on-ground delivery.

In addition to these publications, our work with the government agencies implementing the NSW Monitoring, Evaluation and Reporting Strategy highlighted the importance of good quality data to inform decisions. In particular, our work with the estuaries monitoring pilot highlighted the complexity of coastal lakes and estuarine systems, and the need to urgently generate good data on the health of coastal lakes and estuaries. We will do further work on this issue during 2007/08.

SEPP 71

The coast of NSW continues to be under pressure from development. The *State*

Environmental Planning Policy 71: Coastal Protection (SEPP 71) provides various restrictions on certain coastal development to protect the coast. For some subdivisions, the Minister for Planning must adopt a master plan before development consent can be granted. The Minister must seek the NRC's advice before adopting a draft master plan, or waiving the need for such a plan. In this role, we provide the Minister for Planning with confidence that the plans for further subdivisions along the coast provide appropriate safeguards for the environment.

During 2006/07, we provided 61 pieces of advice on SEPP 71 applications, compared to 109 in 2005/06.

In November 2006 we streamlined our advice process for minor proposals while maintaining a strong system of independent review of more complex applications concerning master planning for subdivisions along the coast.

In April 2007 we provided the Minister with a report, *Master Planning Under SEPP 71: Periodic Progress Report*. This report collates and explains our advice under SEPP 71, and identifies areas where the aims of the SEPP

CASE STUDY

Disparate planning and natural resource regimes

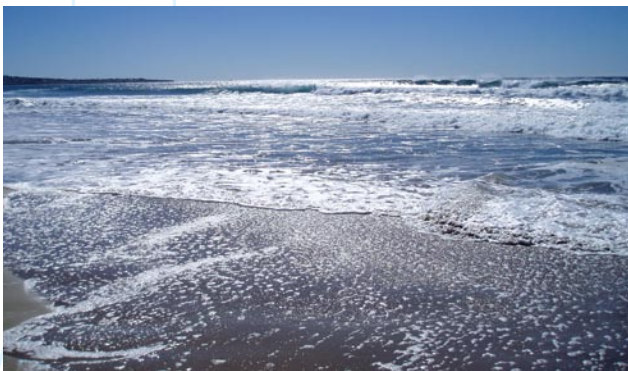
In May 2007 the NRC received an application to waive a master plan under SEPP 71 for the subdivision of a 20-hectare, vegetated property at Moonee Beach, near Coffs Harbour. The owner proposed to subdivide the property into 11 lots: one lot of 19 hectares, to be protected; and a further 10 lots of a total of one hectare for residential development. The owner wished to waive the need for a master plan because they believed the existing planning controls were adequate, and the proposed development would have a minor environmental impact.

The land is near an estuary and a marine park, and a Development Control Plan (DCP), prepared to protect the local estuary, zones the site for environmental protection. However, the Local Environmental Plan (LEP) allows residential development across the whole site. Amendments to the LEP have been drafted which would zone consistently with the DCP; however, these amendments have not been gazetted.

Not only does the current LEP fail to protect a site that is protected under the DCP, it does not consider the impact of clearing of a site of this size and significance, on the achievements of the targets within the relevant Catchment Action Plan.

Local councils need to be encouraged to consider the impact of their zoning decisions on the ability of the region to meet the targets expressed in their Catchment Action Plan. Spatial representation of the targets within the plan might help the council understand the significance of their planning decisions.

For the record, we supported the application to waive the master planning requirements, and recommended that all other subdivision applications in the area that do not comply with the DCP be assessed under SEPP 71 until the amendments to the LEP are gazetted.





are not being met effectively. Firstly, we identified the lack of alignment between the planning process and the regional natural resource model (discussed above). Secondly, we identified that, as master plans are only required for subdivisions, developers can and do circumvent the master planning requirements of SEPP 71 by applying to subdivide the land after being granted development consent. We recommended that SEPP 71 be reviewed to require a master plan in all development circumstances where those plans would be beneficial, not just for subdivisions.

The future

It is critical that the coast be managed carefully to ensure the maximum benefits are generated from the natural resources it provides.

During 2007/08 we will continue to promote the state-wide targets, particularly in urban and coastal

environments. The state-wide targets can galvanise all those responsible for managing our natural resources, and help ensure we make the best decisions and achieve the best outcomes.

NSW has the opportunity to apply common goals to land use planning and natural resource management through Local Council's current revisions of statutory Local Environment Plans. In the coming year, coastal and urban CMAs, state government agencies and local government need to work together to ensure that natural resource priorities are incorporated in Local Environment Plans.

We will focus much of our effort in 2007/08 on reporting on progress towards the state-wide targets. This reporting will provide detailed information that will enable adaptive management of our natural resources and make decision makers accountable for their decisions. This is particularly important along the coast,

because of the high-value environment and strong development pressures in coastal areas. To date, the information available to develop strategies and plans in coastal areas has lacked the detail needed to understand the functioning of coastal landscapes, or the value society places on them. We recognise the immense value of quality data and will therefore continue to work with the government agencies and CMAs responsible for implementing NSW's Monitoring, Evaluation and Reporting Strategy to ensure we have enough data of sufficient quality to inform decision making.

We will continue to provide the Minister for Planning with advice under SEPP 71 during 2007/08. We will also produce periodic progress reports that summarise our advice and make recommendations to improve the operation of the SEPP.

5 Technical and scientific reviews

Natural resource management is complex and the information necessary to make good decisions is often incomplete and uncertain. Government needs independent and sound advice on a variety of scientific and technical issues to enable it to make the best decisions.

Background

The NSW Government must receive independent and robust advice to enable it to make the best decisions. The Premier may request the NRC to undertake inquiries or audits on natural resource management issues.

The NRC provides independent and robust advice by considering the best available knowledge from a range of sources through transparent processes.

Our work this year

Supervision of cloud seeding operations

Snowy Hydro is conducting a six-year trial to assess the potential for cloud seeding to increase snow precipitation in the Snowy Mountains. The legislation that establishes the trial, the *Snowy Mountains Cloud Seeding Trial Act 2004*, recognises the uncertainties surrounding the environmental impacts of cloud seeding. Under this legislation the NRC is required to supervise cloud seeding operations and to report to the Minister for Climate

Change, Environment and Water and the Minister for Planning on the environmental impact.

In June 2007 we provided advice to the Ministers on the progress and effectiveness of the operations, and their environmental impact. The report *Progress Report on the Snowy Mountains Cloud Seeding Trial*, explains our advice. This report is available on our web site.

We developed our advice after visiting cloud seeding sites in the Snowy Mountains, consulting with Snowy Hydro and a number of affected stakeholders, and evaluating Snowy Hydro's environmental reporting contained within its second and third annual reports.

We believe Snowy Hydro is using the best available technology and procedures to undertake the trial and that the infrastructure impacts from cloud seeding equipment are being well managed. However, their monitoring of environmental impacts remains inadequate, and there is no publicly available evidence to support Snowy Hydro's claim that cloud seeding

Snowy Hydro uses tripod pluviometers such as this to measure snow fall. This pluviometer has a wind fence installed around it to minimise wind disturbance.



increases snowfall. We recommended that the government urgently direct Snowy Hydro to collect and frequently report on data that will address these concerns.

Water purchasing by the NSW Government

Water purchasing is one way government can recover water for the environment. In November 2006 the NSW Government requested the NRC investigate the potential economic impacts of government's purchasing of water access entitlements for the environment. In particular we were requested to examine the potential impacts of water purchases under the NSW Government's RiverBank program, and the government's commitments under the Living Murray.

We consulted with the government agencies administering the RiverBank and Living Murray programs, economic experts, and other relevant bodies such as State Water and the Independent Pricing and Regulatory Tribunal.

Our findings showed that the economic impacts for the scale of the government's proposed water entitlement purchases were small. We considered both the opportunity cost of the foregone irrigation activity as well as any impacts on the gross value of regional production.

We also found that government can minimise the economic impacts of its environmental water purchases by implementing a well planned purchasing strategy. The strategy should consider the optimal scale of purchases, the type of water entitlement or product to be purchased and the location and the timing of purchase. Government may need to use direct negotiation and brokers as well as tender processes to



A pedestal pluviometer prior to the installation of its protective wind fence.

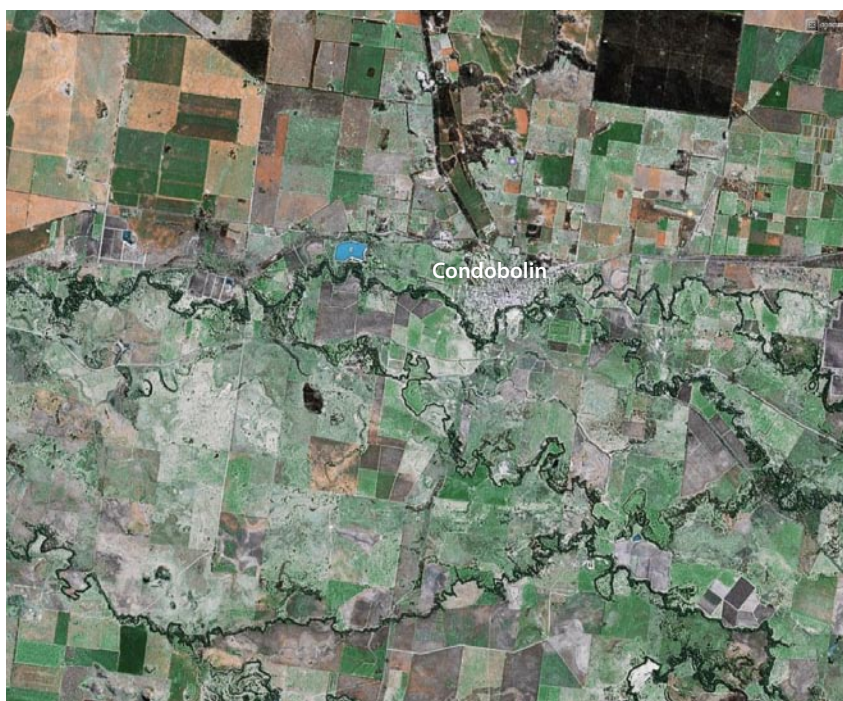
effectively test the market as part of its acquisition process.

Working and efficient markets can also minimise the impacts of environmental water purchases by allowing the remaining water to be traded so that it moves to its highest value use.

We believe there are three important issues that need to be addressed in future government purchasing programs:

- At the time of our research multiple government buyers were operating in Living Murray valleys. A planned and coordinated approach would be more efficient and reduce confusion in the market.
- Government needs to collect and make available accurate market information on trade activity and pricing to all potential buyers and sellers to support working and efficient markets.

The Lachlan River winds through Condobolin. The Premier requested that the NRC carry out a review of the Lower Lachlan Groundwater Sharing Plan.



- Government should consider using ongoing management to minimise economic impacts from purchasing water entitlements. For instance, government could trade its allocations when they are not required for environmental purposes but would be of benefit to irrigators.
- the scientific basis for the estimated average annual recharge
- the Lachlan River surface-water flow requirements to provide for the average annual recharge
- the scientific basis for exclusion of recharge estimates west of the Cobb Highway
- the scientific basis for the provision of water for groundwater dependent ecosystems.

The data we used to inform our findings and the analysis of the data is commercial-in-confidence as it relates to the business affairs of Living Murray and RiverBank.

Lower Lachlan Groundwater Sharing Plan Review

The Premier asked the NRC to review the scientific basis of aspects of the Water Sharing Plan for the Lower Lachlan groundwater source, prior to the plan's commencement. This review was requested in response to concerns of stakeholders about elements of the plan. In particular, the government sought advice on:

We commissioned an independent scientific review, which reviewed the science underpinning the plan and informed our findings and recommendations. Some of our recommendations focus on making provisions in the plan for the uncertainty in the available information as well as improving the information base that informs the plan. This should allow scheduled reviews of the plan to be brought forward as new information becomes available. In the mean time, we believe a precautionary approach should

be adopted to setting extraction limits within the plan because of the high level of uncertainty in the recharge estimate.

Our findings are presented in *Scientific Review: Lower Lachlan Groundwater Sharing Plan*, which is available on our web site.

The future

During 2007/08 the NRC will continue to provide the government with sound, independent advice on complex natural resource issues.

We will continue to supervise Snowy Hydro's cloud seeding operations, and will continue to scope our role reviewing Water Sharing Plans, taking into account any implications of the Australian Government's recent water bill.

We will also carry out technical and scientific reviews on specific issues as requested by the government.



A lucerne crop is irrigated near Albury. (Photo: CSIRO)

6 How the NRC achieves results

The NRC achieves results through the high quality of our people and the streamlined systems that support them.

Background

The NRC is a small, professional team of analysts, managers and administrative staff who actively use the Standard to develop advice for the Commissioner's consideration.

We work with researchers, scientists and practitioners, drawing on their experience and knowledge. We've also developed transparent consultation processes that result in comprehensive engagement with our stakeholders. In keeping with our values (below), we aim to perform our duties skillfully, impartially and diligently in order to contribute to the efficient achievement of the NRC's goals.

Our work this year

In 2006/07 we focused on four key corporate areas:

- governance: ensuring we do the right things in the right way
- capacity building: getting the right people with the right skills to do the work
- team engagement: building a team of people with the right attitude
- work tools: using the right resources and systems at the right time.

Governance

The Commissioner is responsible for determining the quality and legislative compliance of our advice to government.

The Finance, Audit and Risk Management Group is the key corporate governance structure in the NRC. The Commissioner, Executive Director and Corporate Services Manager are members of the group, which meets monthly. The group reviews and approves the NRC's financial, risk

OUR VALUES

INDEPENDENCE	We are independent —we provide objective and practical advice to government after listening to all stakeholders, drawing on the best available knowledge and analysis, then making our own judgements.
COMMITMENT	We are committed —we believe in what we do and can be trusted to do what we say. We are motivated by our commitment to achieving better natural resource outcomes.
QUALITY	We pursue quality —we perform our work to the highest standard, ensuring we are rigorous, efficient and focused. We lead and support others in continually improving the quality of natural resource management processes and outcomes.
INNOVATION	We are innovative —we think creatively to develop practical advice for our stakeholders within a dynamic institutional and natural environment.
VIBRANT WORKPLACE	We have a vibrant workplace —we enjoy good humour and the company of our colleagues. We celebrate milestones and maintain a sense of perspective.
TEAMWORK	We work together as a high-performing team —we understand and respect one another's needs. We trust each other, share our expertise and are committed to the success of the team and its members.

management and audit plans to ensure the NRC complies with government legislation, regulations and policies and is accountable to Parliament.

The Commissioner delegates day-to-day responsibility to the Executive Director for ensuring the NRC delivers on its commitments, acts independently and with integrity, and has transparent processes and decisions.

During 2006/07 we strengthened our ability to do the right things in the right way through:

- implementing a risk management system
- further refining corporate policies and procedures, including a full revision of our Code of Conduct
- developing a three-year internal audit plan
- conducting an internal audit of procurement procedures and practices
- conducting inductions and team briefings on a broad range of issues such as corruption, ethics, probity and policy.

Capacity building

The heart and engine of the NRC is our team.

We increased our ability to deliver high-quality, independent advice through:

- developing and implementing a new project management system, with extensive training, guidelines and electronic templates
- inviting leading scientists and practitioners to provide presentations on their work
- regular liaison with landholders and staff on the ground
- developing and starting the rollout of Dealing with Complexity training to equip staff with the tools and skills



The NRC's leadership team is (left to right): Di Bentley, David Leece, Alex McMillan, Ronnie Harding, Peter Egger and John Williams.

required for analytical and creative problem solving of complex issues

- continuing our strong focus on performance management through our Performance Excellence Process
- attending a range of conferences on natural resource management issues
- supporting a range of professional development opportunities targeted to the needs of individuals, including audit training and professional coaching.

Team engagement

As a small team, it is important that we all work together to promote best practice natural resource management. The NRC helped facilitate teamwork and retention through:

- encouraging open dialogue
- inducting new staff in our corporate values and systems
- supporting a range of flexible working conditions, including part-time work and work from home
- reviewing our Occupational Health and Safety Policy in line with the NSW Government's Taking Safety Seriously Strategy, including training all of our managers.



NRC staff at our office.

Work tools

Our productivity is facilitated by having high-quality tools and efficient business systems.

During 2006/07 the NRC continued to improve the infrastructure and business systems supporting our work.

The future

During 2007/08 we will review the role of Assistant Commissioners and our systems for project governance so we can provide the Commissioner with greater confidence that our proposed advice to government is robust and of a high quality.

Our focus during 2007/08 will be on auditing the effectiveness of the implementation of Catchment Action Plans, and reporting on progress towards the state-wide targets.

In 2007/08 we will continue to develop the quality of our staff and improve the systems that support their work through:

- reviewing and implementing changes to our electronic record keeping system to achieve greater productivity, improve capture of corporate knowledge and enhance compliance
- further developing and implementing our Dealing with Complexity training and toolkit
- providing professional development in communication skills.

7 Best practice into the future

Best practice natural resource decision making requires regular auditing and reporting as well as independent advice on a range of scientific and technical issues.

Commissioner Dr John Williams visiting the cloud seeding operations in Kosciuszko National Park.



NSW has a solid platform from which we can manage our natural resources. Our work in 2007/08 will focus on providing investors and the public with confidence that the mechanisms are in place to make the best natural resource management decisions. If natural resource management is to become mainstream business in NSW it needs to have checks and balances provided by regular and independent auditing and reporting.

Auditing Catchment Action Plan implementation

We are responsible for auditing the implementation of Catchment Action Plans. During 2007/08 we will publicly consult on our draft audit framework, finalise the framework, and commence auditing.

This auditing is an important part of the regional delivery model for natural resource management in NSW because it will help us clearly understand the effectiveness of Catchment Action Plan implementation, and our progress towards the state-wide targets. This in

turn will provide assurance as to whether investment decisions are sound, and will support adaptive management in a sector characterised by diversity, and by gaps and uncertainty in science and information.

The audit framework will clarify our approach to auditing Catchment Action Plans for CMAs, and for those investing in our natural resources through those plans. It will also guide the implementation of our audit program, and promote collaboration with other auditors who may be able to coordinate their activities with us.

The audit framework describes how our audit work will assess whether the implementation of Catchment Action Plans is contributing to the achievement of the state-wide targets. It explains how we will assess the application of the Standard and use hard data to verify progress towards the targets. We propose a risk-based approach to focus and tailor the nature of audit work, and to inform the frequency of audits. Our draft audit framework will be available for public comment in late 2007.

Reporting on progress to state-wide targets

NSW's natural resource management model would be incomplete without monitoring, evaluating and reporting on changes in natural resource condition. Monitoring, evaluation and reporting ensures natural resource managers are accountable for their actions because they demonstrate if investment is resulting in improved condition of natural resources. They also:

- provide us with necessary information to re-assess the targets, make sure they are achievable, and consider if we could be doing more to achieve them
- promote adaptive management as decision makers can consider the impacts of previous decisions



- provide data necessary to make the best decisions.

The State Plan charges the NRC to report on progress to the state-wide targets. We will rely on data collected by government agencies through the implementation of the NSW Monitoring, Evaluation and Reporting Strategy. It is essential that this strategy be well implemented given the crucial nature of good data.

Reporting on progress will require baseline information describing the condition of natural resources, the changing trends in resource condition, information on the greatest pressures on resource condition, and the actual condition of resources. We expect more information will initially be available about the pressures on natural resources. We therefore expect to be able to report more easily on pressure, and perhaps sooner than we are able to report on resource condition.

During 2007/08 we will scope our reporting responsibility and expect to be able to begin reporting.

We will not be able to report on progress to the state-wide targets without the work of the NSW Government agencies. These agencies have invested significant effort in preparing and implementing the Monitoring, Evaluation and Reporting Strategy. We will continue to encourage the NSW Government to invest in collecting meaningful data that can inform decision

makers and make them accountable for their decisions. During 2007/08 we will also promote the open access of this data to all users at all geographic scales.

Other work

Auditing and reporting will form a large part of our business during 2007/08; however, we will continue to support best practice natural resource decision making in a number of other ways. We will:

- continue to promote the use of the Standard for natural resource management decisions and expect to release a guidance paper on the use of the Standard during the second half of 2007
- review the thirteenth Catchment Action Plan and make our recommendations to the government on its adoption
- continue to undertake ongoing scientific and technical reviews such as on master planning under SEPP71 and Snowy Hydro's cloud seeding operations
- provide advice on specific policy settings and review technical issues when requested.

Our independence is vital to our ability to deliver on these outcomes.

Natural Resources Commission

Financial Report for the year ended 30 June 2007

Independent Auditor's Report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Natural Resource Commission and controlled entity

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Natural Resource Commission (the Commission), and the Commission and controlled entity (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the operating statement, statement of recognised income and expense, cash flow statement and a summary of compliance with financial directives for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated entity comprises the Commission and the entity it controlled at the year's end.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission and the consolidated entity as of 30 June 2007, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report continued

My opinion does *not* provide assurance:

- about the future viability of the Commission or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



M T Spriggins
Director, Financial Audit Services

22 October 2007
SYDNEY

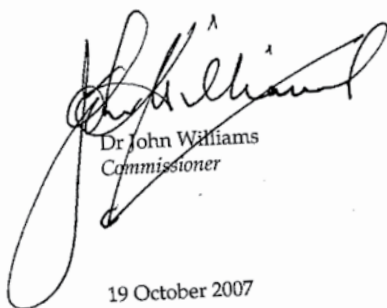
Statement on Behalf of the Natural Resources Commission



STATEMENT ON BEHALF OF THE NATURAL RESOURCES COMMISSION

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge and belief:

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2000, the Financial Reporting Code for Budget Dependent Central Government Sector Agencies and Treasurer's Directions;
- b) the financial statements exhibit a true and fair view of the financial position of the Natural Resources Commission of New South Wales as at 30 June 2007 and the operations for the period then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Dr John Williams
Commissioner

19 October 2007



Bryce Wilde
A/Executive Director

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Natural Resources Commission
Operating Statement
for the year ended 30 June 2007

	Notes	Consolidated			NRC		
		Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
Expenses excluding losses							
Employee-related expenses	2(a)	2,715	2,673	2,050	-	-	1,434
Other operating expenses	2(b)	1,604	1,712	2,485	1,604	1,712	2,485
Depreciation and amortisation	2(c)	327	282	288	327	282	288
Personnel services		-	-	-	2,715	2,673	616
Total Expenses excluding losses		4,646	4,667	4,823	4,646	4,667	4,823
Less:							
Revenue							
Investment income	3(a)	23	20	22	23	20	22
Other revenue	3(b)	1	-	14	1	-	14
Total Revenue		24	20	36	24	20	36
Gain / (loss) on disposal	4	-	-	(3)	-	-	(3)
Net Cost of Services	20	4,622	4,647	4,790	4,622	4,647	4,790
Government Contributions							
Recurrent appropriations	5	4,269	4,373	4,695	4,269	4,373	4,695
Capital appropriations	5	300	300	-	300	300	-
Acceptance by the Crown Entity of employee benefits and other liabilities	6	40	115	33	40	115	33
Total Government Contributions		4,609	4,788	4,728	4,609	4,788	4,728
SURPLUS / (DEFICIT) FOR THE YEAR		(13)	141	(62)	(13)	141	(62)

The accompanying notes form part of these financial statements.

Natural Resources Commission
Statement of Recognised Income and Expense
for the year ended 30 June 2007

	Notes	Consolidated			NRC		
		Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-	-	-	-	-
Surplus / (Deficit) for the year		(13)	141	(62)	(13)	141	(62)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	16	(13)	141	(62)	(13)	141	(62)

The accompanying notes form part of these financial statements.

Natural Resources Commission
Balance Sheet
as at 30 June 2007

	Notes	Consolidated			NRC		
		Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
Assets							
Current Assets							
Cash and cash equivalents	8	191	187	27	191	187	27
Receivables	9	91	151	151	91	151	151
Other	12	–	14	14	–	14	14
Total Current Assets		282	352	192	282	352	192
Non-Current Assets							
Property, Plant and Equipment	10	659	704	684	659	704	684
Intangible assets	11	–	–	2	–	–	2
Other	12	–	30	30	–	30	30
Total Non-Current Assets		659	734	716	659	734	716
Total Assets		941	1,086	908	941	1,086	908
Liabilities							
Current Liabilities							
Payable	13	81	143	61	39	143	21
Provisions	14	256	154	232	64	154	64
Other	15	118	133	100	352	133	310
Total Current Liabilities		455	430	393	455	430	395
Non-Current Liabilities							
Provisions	14	–	2	2	–	2	–
Other	15	16	30	30	16	30	30
Total Non-Current Liabilities		16	32	32	16	32	30
Total Liabilities		471	462	425	471	462	425
Net Assets		470	624	483	470	624	483
Equity							
Accumulated funds	16	470	624	483	470	624	483
Total Equity		470	624	483	470	624	483

The accompanying notes form part of these financial statements.

Natural Resources Commission
Cash Flow Statement
for the year ended 30 June 2007

	Notes	Consolidated			NRC		
		Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		(2,652)	(2,543)	(2,129)	-	-	(2,129)
Other		(1,794)	(1,690)	(2,830)	(4,446)	(4,233)	(2,830)
Total Payments		(4,446)	(4,233)	(4,959)	(4,446)	(4,233)	(4,959)
Receipts							
Sale of goods and services		34	-	-	34	-	-
Interest and dividends received		23	20	32	23	20	32
Other		249	-	219	249	-	219
Total Receipts		306	20	251	306	20	251
Cash Flows From Government							
Recurrent appropriation	5	4,373	4,373	4,764	4,373	4,373	4,764
Capital appropriation	5	300	300	-	300	300	-
Cash reimbursements from the Crown Entity		-	-	-	-	-	-
Cash transfers to the Consolidated Fund		(69)	-	(545)	(69)	-	(545)
Net Cash Flows From Government		4,604	4,673	4,219	4,604	4,673	4,219
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	464	460	(489)	464	460	(489)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of Property, Plant and Equipment		-	-	8	-	-	8
Purchases of Property, Plant and Equipment		(300)	(300)	(22)	(300)	(300)	(22)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(300)	(300)	(14)	(300)	(300)	(14)
NET INCREASE (DECREASE) IN CASH		164	160	(503)	164	160	(503)
Opening cash and cash equivalents		27	27	530	27	27	530
CLOSING CASH AND CASH EQUIVALENTS	8	191	187	27	191	187	27

The accompanying notes form part of these financial statements.

Natural Resources Commission
Summary of Compliance with Financial Directives
for the year ended 30 June 2007

	2007				2006			
	Recurrent Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000
Consolidated								
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE								
Appropriation Act	4,373	4,269	300	300	4,269	4,200	-	-
Additional Appropriations	-	-	-	-	495	495	-	-
	4,373	4,269	300	300	4,764	4,695	-	-
OTHER APPROPRIATIONS / EXPENDITURE								
Treasurer's Advance	-	-	-	-	-	-	-	-
Transfers to / from another agency (s27 of the Appropriation Act)	-	-	-	-	-	-	-	-
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	4,373	4,269	300	300	4,764	4,695	-	-
Amount drawn down against Appropriation		4,373	300	300		4,764		-
Liability to Consolidated Fund*		104				69		-

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed). Liability to Consolidated Fund represents the difference between the 'Amount drawn down against Appropriation' and the 'Total Expenditure / Net Claim on Consolidated Fund'.

Natural Resources Commission

Notes to the Financial Statements

for the year ended 30 June 2007

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Natural Resources Commission (the Commission) was established as an independent body with broad investigating and reporting functions for the purpose of establishing a sound scientific basis for the properly informed management of natural resources in the social, economic and environmental interests of the State, and enabling the adoption of State-wide standards and targets for natural resource management issues.

The Commission, as a reporting entity, comprises all the entities under its control, including the Natural Resources Commission Division (the Division). Staff of the Commission were transferred to the Natural Resources Commission Division on 17 March 2006. All employee provisions are now held within the Division, and are shown in the consolidated section of these statements.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The Commission is a NSW government statutory authority. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash-generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The consolidated financial report for the year ended 30 June 2007 has been authorised for issue by the Executive Director on 19 October 2007.

(b) Basis of Preparation

The Commission's financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standard (AIFRS))
- the requirements of the *Public Finance and Audit Act 1983* and Regulation
- the Financial Reporting Directions published in the *Financial Reporting Code for Budget Dependent General Government Sector Agencies* or issued by the Treasurer.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets held for trading and available for sale are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards, which include AIFRS.

(d) Administered Activities

The Commission does not administer any activities on behalf of the Crown Entity.

(e) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary Appropriations and Contributions

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the agency obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 15 as part of 'Current liabilities - Other'. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment income

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(f) Employee Benefits

(i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with AASB 119 *Employee Benefits*.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

The Commission's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'. Prior to 2005/06 the Crown Entity also assumed the defined contribution superannuation liability.

(iii) Personnel Services

The Personnel Services are provided by the Natural Resources Commission Division according to Part 3, Schedule 1 to the *Public Sector Employment and Management Act 2002* as amended in 2006.

(g) Insurance

The Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(h) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included.

(i) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

Fair value means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

(j) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5,000 are capitalised.

(k) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

(l) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission.

Depreciation rates	% Rate
Office furniture and fittings	20.00
Computer equipment and softwares	33.33
General plant and equipment	25.00
Leasehold improvements	over the period of the lease

(m) Restoration Cost

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(n) Leased Assets

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.

(o) Intangible Assets

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Commission's intangible assets are amortised using the straight line method over a period of three years.

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash-generating units, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial. Hence, the Commission is effectively exempted from impairment testing.

(p) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Operating Statement when impaired, derecognised or through the amortisation process.

(q) Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(r) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and / or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts; i.e. per the audited financial statements (rather than carried forward estimates).

(s) New Australian Accounting Standards issued but not effective

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

Australian Accounting Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 7 & AASB 2005-10 'Financial Instruments: Disclosures'	1 January 2007
AASB 101 'Presentation of Financial Statements'-revised standard	1 January 2007
AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments' regarding Australian additions to and deletions from IFRSs	1 July 2007
Interpretation 4 'Determining whether an Arrangement contains a Lease'	1 January 2008
Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006

The Commission anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements.

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Commission's financial assets and financial liabilities.

These Standards and Interpretations will be first applied in the financial report of the Commission that relates to the annual reporting period beginning after the effective date of each pronouncement.

2 Expenses Excluding Losses

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
(a) Employee-related expenses				
Salaries and wages (including recreation leave)	2,404	1,797	–	1,274
Superannuation—defined contribution plans	158	111	–	78
Long service leave	40	26	–	18
Workers compensation insurance	–	17	–	7
Payroll tax and fringe benefit tax	113	99	–	57
	2,715	2,050	–	1,434

Personnel services are payments to the Natural Resources Commission Division for employee-related expenses.

(b) Other operating expenses				
Auditor's remuneration—audit or review of the financial reports	10	9	10	9
Consultancy costs	273	697	273	697
Contractors	255	673	255	673
Insurance	–	18	–	18
Postage and telephone	54	44	54	44
Advertising, printing and publication	36	64	36	64
Rental expense relating to operating leases	280	261	280	261
Training (staff development)	109	45	109	45
Travel	176	176	176	176
Special functions / events	4	24	4	24
Corporate services	101	99	101	99
Administration expenses	144	197	144	197
EDP expenses	113	152	113	152
Maintenance expenses	49	26	49	26
	1,604	2,485	1,604	2,485
(c) Depreciation and amortisation expenses				
Depreciation				
Plant and equipment	142	132	142	132
Total depreciation	142	132	142	132
Amortisation				
Leasehold improvements	183	154	183	154
Intangible	2	2	2	2
	327	288	327	288

3 Revenues

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
(a) Investment income				
Interest	23	22	23	22
	23	22	23	22
(b) Other revenue				
Other	1	14	1	14
	1	14	1	14

4 Gain / (Loss) on Disposal

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Gain / (loss) on disposal of plant and equipment				
Proceeds from disposal	-	8	-	8
Written-down value of assets disposed	-	(11)	-	(11)
Net gain / (loss) on disposal of plant and equipment	-	(3)	-	(3)

5 Appropriations

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Recurrent appropriations				
Total recurrent drawdowns from Treasury (per Summary of Compliance)	4,373	4,764	4,373	4,764
Less: Liability to Consolidated Fund (per Summary of Compliance)	104	69	104	69
	4,269	4,695	4,269	4,695
Comprising:				
Recurrent appropriations (per Operating Statement)	4,269	4,695	4,269	4,695
Transfer payments	-	-	-	-
	4,269	4,695	4,269	4,695
Capital appropriations				
Total capital drawdowns from Treasury (per Summary of Compliance)	300	-	300	-
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-	-	-
	300	-	300	-
Comprising:				
Capital appropriations (per Operating Statement)	300	-	300	-
Transfer payments	-	-	-	-
	300	-	300	-

6 Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

The following liabilities and / or expenses have been assumed by the Crown Entity or other government agencies:

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Long service leave	40	26	40	26
Payroll tax	-	7	-	7
	40	33	40	33

7 Programs/Activities of the Agency

(a) Program—Natural Resources Commission

Objectives: To provide independent advice on natural resources management issues; to recommend state-wide standards and targets; to review and recommend the approval of Catchment Action Plans; to undertake audits of those plans; to gather and disseminate information; to advise the Minister on priorities for research; to undertake assessments and inquiries requested by the Minister.

Program Description: Provision of research and advisory services to support natural resources management. Conduct of public inquiries, seminars, establishment of working groups and other consultative mechanisms and dissemination of information. Maintenance of systems and procedures to administer and monitor Catchment Action Plans. Provision of a compliance reporting framework to monitor compliance with standards and targets.

8 Current Assets—Cash and Cash Equivalents

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Cash at bank and on hand	191	27	191	27
	191	27	191	27
Cash and cash-equivalent assets recognised in the balance sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:				
Cash and cash equivalents (per Balance Sheet)	191	27	191	27
Closing cash and cash equivalents (per Cash Flow Statement)	191	27	191	27

The Commission has a credit card facility limit of \$30,000.

9 Current Assets—Receivables

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Current Receivables				
Goods and Services Tax recoverable from ATO	48	66	48	66
Other debtors	12	64	12	64
Prepayments	31	21	31	21
	91	151	91	151
	91	151	91	151

10 Non-Current Assets—Property, Plant and Equipment

	Plant and Equipment \$'000
Consolidated	
At 1 July 2006	
Gross carrying amount	1,148
Accumulated depreciation and impairment	(464)
Net carrying amount—at fair value	684
At 30 June 2007	
Gross carrying amount	1,448
Accumulated depreciation and impairment	(789)
Net carrying amount—at fair value	659
Reconciliation	
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.	
Year ended 30 June 2007	
Net carrying amount at start of year	684
Additions	300
Depreciation expense	(325)
Net carrying amount at end of year	659
NRC	
At 1 July 2006	
Gross carrying amount	1,148
Accumulated depreciation and impairment	(464)
Net carrying amount—at fair value	684
At 30 June 2007	
Gross carrying amount	1,448
Accumulated depreciation and impairment	(789)
Net carrying amount—at fair value	659
Reconciliation	
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.	
Year ended 30 June 2007	
Net carrying amount at start of year	684
Additions	300
Depreciation expense	(325)
Net carrying amount at end of year	659

11 Intangible Assets

	Software \$'000
Consolidated	
At 1 July 2006	
Cost (gross carrying amount)	4
Accumulated amortisation and impairment	(2)
Net carrying amount	2
At 30 June 2007	
Cost (gross carrying amount)	2
Accumulated amortisation and impairment	(2)
Net carrying amount	-
Reconciliation	
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.	
Year 30 June 2007	
Net carrying amount at start of year	2
Amortisation expense	(2)
Net carrying amount at end of year	-
NRC	
At 1 July 2006	
Cost (gross carrying amount)	4
Accumulated amortisation and impairment	(2)
Net carrying amount	2
At 30 June 2007	
Cost (gross carrying amount)	2
Accumulated amortisation and impairment	(2)
Net carrying amount	-
Reconciliation	
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.	
Year ended 30 June 2007	
Net carrying amount at start of year	2
Amortisation expense	(2)
Net carrying amount at end of year	-

12 Current/Non-Current Assets—Other

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Current Other Assets				
Lease incentive	-	14	-	14
	-	14	-	14
Non-current Assets				
Lease incentive	-	30	-	30
	-	30	-	30

13 Current Liabilities—Payable

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Current Liabilities—Payable				
Accrued salaries, wages and on-costs	42	40	–	–
Creditors	39	21	39	21
	81	61	39	21

14 Current/Non-Current Liabilities—Provisions

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Current				
Employee benefits and related on-costs				
Recreation leave	167	146	–	–
Long service leave on-costs	7	6	–	–
Payroll tax	18	16	–	–
	192	168	–	–
Current				
Other provisions				
Restoration cost	64	64	64	64
	64	64	64	64
	256	232	64	64
Non-current				
Employee benefits and related on-costs				
Payroll tax	–	1	–	–
Workers Compensation Insurance	–	1	–	–
	–	2	–	–
Personnel Services received from the Natural Resources Commission Division				
Aggregate employee benefits and related on-costs				
Provisions—current	192	168	–	–
Provisions—non-current	–	2	–	–
Accrued salaries, wages and on-costs	42	40	–	–
	234	210	–	–

15 Current/Non-Current Liabilities—Other

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Other current liabilities				
Liability to consolidated fund	104	69	104	69
Lease incentive	14	14	14	14
Personnel services	–	–	234	210
Other	–	17	–	17
	118	100	352	310
Other non-current liabilities				
Lease incentive	16	30	16	30
	16	30	16	30

16 Changes in Equity

	Accumulated Funds	
	2007 \$'000	2006 \$'000
Consolidated		
Balance at the beginning of the year	483	545
Changes in equity—other than transactions with owners as owners		
Surplus / (deficit) for the year	(13)	(62)
Total	(13)	(62)
Balance at the end of the financial year	470	483
NRC		
Balance at the beginning of the year	483	545
Changes in equity—other than transactions with owners as owners		
Surplus / (deficit) for the year	(13)	(62)
Total	(13)	(62)
Balance at the end of the financial year	470	483

17 Commitments for Expenditure

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
(a) Other Expenditure Commitments				
Aggregate other expenditure for the acquisition of goods and services contracted for at balance date and not provided for:				
Not later than one year	1	15	1	15
Total (including GST)	1	15	1	15
(b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	268	238	268	238
Later than one year and not later than five years	301	498	301	498
Total (including GST)	569	736	569	736

Commitments include GST of \$50K (\$68K for 2006), which is expected to be recovered from the Australian Taxation Office (ATO).

18 Contingent Liabilities and Contingent Assets

The Commission is not aware of any contingent liabilities and / or contingent assets associated with its operations.

19 Budget Review

Net cost of services

Net cost of services is below budget by \$25K mainly due to higher levels of expenditure than expected in Employee-Related Expenses (\$42K) and Depreciation (\$45K), offset by lower levels of Other Operating Expenditure (\$108K).

Assets and liabilities

Current Assets were \$70K lower than budget mainly due to receivables lower than budget by \$60K.

Non-Current Assets were \$75K lower than budget. It is due to higher than budgeted provision for depreciation.

Current Liabilities were \$25K higher than budget. It is mainly due to increase in the provisions.

Non-Current Liabilities were \$16K lower than budget due to unbudgeted deduction of the lease incentive.

Cash flows

Cash flows from Operating Activities was \$464K against a budget figure of \$460K.

20 Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

	Consolidated		NRC	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
Net cash used on operating activities	464	(489)	464	(489)
Cash flows from Government / Appropriations	(4,604)	(4,219)	(4,604)	(4,219)
Acceptance by the Crown Entity of employee benefits and other liabilities	(40)	(33)	(40)	(33)
Net gain / (loss) on sale of plant and equipment	-	(3)	-	(3)
Depreciation	(327)	(288)	(327)	(288)
Decrease / (increase) in provisions	(22)	(57)	-	(57)
Increase / (decrease) in prepayments and other assets	(104)	32	(104)	32
Decrease / (increase) in creditors	11	267	(11)	267
Net cost of services	(4,622)	(4,790)	(4,622)	(4,790)

21 Financial Instruments

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to Treasury.

Receivables

All receivables are recognised as amounts receivable at balance date. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on receivables. The carrying amount approximates net fair value.

Bank Overdraft

The Commission does not have any bank overdraft facility.

Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest rate was applied during the year.

22 After Balance Date Events

There are no events subsequent to balance date which affect the financial report.

End of audited financial report.

Natural Resources Commission Division Financial Report for the year ended 30 June 2007

Independent Auditor's Report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT Natural Resource Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Natural Resource Commission Division (the Division), which comprises the balance sheet as at 30 June 2007, and the operating statement, statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report continued

My opinion does *not* provide assurance:

- about the future viability of the Division,
- that it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



M T Spriggins
Director, Financial Audit Services

22 October 2007
SYDNEY

Statement on Behalf of the Natural Resources Commission Division



STATEMENT ON BEHALF OF THE NATURAL RESOURCES COMMISSION DIVISION

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge and belief:

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2000, the Financial Reporting Code for Budget Dependent Central Government Sector Agencies and Treasurer's Directions;
- b) the financial statements exhibit a true and fair view of the financial position of the Natural Resources Commission Division of New South Wales as at 30 June 2007 and the operations for the period then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

 A large, stylized handwritten signature in black ink, appearing to read "John Williams".

Dr John Williams
Commissioner

19 October 2007

 A smaller handwritten signature in black ink, appearing to read "Bryce Wilde".

Bryce Wilde
A/Executive Director

Level 10, 15 Castlereagh Street, Sydney NSW 2000 Australia. All correspondence to: GPO Box 4206, Sydney NSW 2001
Telephone 02 8227 4300 Facsimile 02 8227 4399 Website: www.nrc.nsw.gov.au ABN 36 106 334 821

Natural Resources Commission Division
Operating Statement
for the year ended 30 June 2007

	Notes	Division	
		Actual 2007 \$'000	Actual 2006 \$'000
Expenses excluding losses			
Employee-related expenses	2(a)	2,715	616
Total Expenses excluding losses		2,715	616
Less:			
Revenue			
Personnel services		2,715	616
Total Revenue		2,715	616
SURPLUS / (DEFICIT) FOR THE PERIOD		-	-

The accompanying notes form part of these financial statements.

Natural Resources Commission Division
Statement of Recognised Income and Expense
for the year ended 30 June 2007

	Division	
	Actual 2007 \$'000	Actual 2006 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	-	-
Surplus / (Deficit) for the year	-	-
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	-	-

The accompanying notes form part of these financial statements.

Natural Resources Commission Division
Balance Sheet
as at 30 June 2007

	Notes	Division	
		Actual 2007 \$'000	Actual 2006 \$'000
Assets			
Current Assets			
Receivables	3	234	210
Total Current Assets		234	210
Total Assets		234	210
Current Liabilities			
Payables	4	42	40
Provisions	5	192	168
Total Current Liabilities		234	208
Non-Current Liabilities			
Provisions	5	-	2
Total Non-Current Liabilities		-	2
Total Liabilities		234	210
Net Assets		-	-
Equity			
Total Equity		-	-

The accompanying notes form part of these financial statements.

Natural Resources Commission Division
Cash Flow Statement
for the year ended 30 June 2007

	Division	
	Actual 2007 \$'000	Actual 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related	(2,652)	(406)
Total Payments	(2,652)	(406)
Receipts		
Other	2,652	406
Total Receipts	2,652	406
Net Cash Flows From Government	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-
NET INCREASE /(DECREASE) IN CASH	-	-
CLOSING CASH AND CASH EQUIVALENTS	-	-

The accompanying notes form part of these financial statements.

Natural Resources Commission Division

Notes to the Financial Statements

for the year ended 30 June 2007

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Natural Resources Commission Division (the Division) is a Division of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Public Sector Employment and Management Act 2002* as amended in 2006. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 10, 15 Castlereagh Street, Sydney 2000.

The Natural Resources Commission Division's objective is to provide personnel services to the Natural Resources Commission.

The financial report was authorised for issue by the Executive Director on 19 October 2007. The report will not be amended and reissued as it has been audited.

(b) Basis of Preparation

The Division's financial report is a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standard (AEIFRS))
- the requirements of the *Public Finance and Audit Act 1983* and Regulation
- the Financial Reporting Directions published in the *Financial Reporting Code for Budget Dependent General Government Sector Agencies* or issued by the Treasurer

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The Division's financial statements and notes comply with Australian Accounting Standards, which include AEIFRS.

(d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

The Personnel Services are provided to the Natural Resources Commission according to the *Public Sector Employment and Management Act 2002*.

(e) Employee Benefits

(i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with AASB 119 Employee Benefits.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

The Division's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 07/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(f) Payables

These amounts represent liabilities for goods and services provided to the Division and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(g) New Australian Accounting Standards issued but not effective

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

Australian Accounting Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 7 & AASB 2005-10 'Financial Instruments: Disclosures'	1 January 2007
AASB 101 'Presentation of Financial Statements'-revised standard	1 January 2007
AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments' regarding Australian additions to and deletions from IFRSs	1 July 2007
Interpretation 4 'Determining whether an Arrangement contains a Lease'	1 January 2008
Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006

The Division anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements.

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Division's financial assets and financial liabilities.

These Standards and Interpretations will be first applied in the financial report of the Division that relates to the annual reporting period beginning after the effective date of each pronouncement.

2 Expenses Excluding Losses

	Division	
	Actual 2007 \$'000	Actual 2006 \$'000
(a) Employee-related expenses		
Salaries and wages (including recreation leave)	2,404	524
Superannuation—defined contribution plans	158	34
Long service leave	40	7
Workers compensation insurance	–	9
Payroll tax and fringe benefit tax	113	42
	2,715	616

3 Current/Non-Current Assets—Receivables

	Division	
	Actual 2007 \$'000	Actual 2006 \$'000
Current Receivables		
Personnel services	234	210
	234	210

4 Current Liabilities—Payable

	Division	
	Actual 2007 \$'000	Actual 2006 \$'000
Current Liabilities—Payable		
Accrued salaries, wages and on-costs	42	40
	42	40

5 Current/Non-Current Liabilities—Provisions

	Division	
	Actual 2007 \$'000	Actual 2006 \$'000
Current		
Employee benefits and related on-costs		
Recreation leave	167	146
Long service leave	7	6
Payroll tax	18	16
	192	168
Non-current		
Employee benefits and related on-costs		
Payroll tax	-	1
Workers compensation	-	1
	-	2
Aggregate employee benefits and related on-costs		
Provisions—current	192	168
Provisions—non-current	-	2
Accrued salaries, wages and on-costs	42	40
	234	210

End of audited financial report.

Appendices

Appendix 1: Legislative provisions

There were no changes in 2006/07 to the legislation below.

LEGISLATION	RELEVANT SECTIONS	DETAILS
<i>Natural Resources Commission Act 2003</i>	Whole Act	<input type="checkbox"/> Establishes the NRC, details its functions and includes operational provisions.
<i>Catchment Management Authorities Act 2003</i>	s. 22, 23, 26, 28	<input type="checkbox"/> The Minister is to seek advice from the NRC in assessing a draft CAP, and take account of that advice. <input type="checkbox"/> CAPs must be audited at least every five years by the NRC or an independent audit panel appointed by the Minister. <input type="checkbox"/> The Minister may seek advice from the NRC on any annual implementation program submitted to the Minister.
<i>Native Vegetation Regulation 2005</i>	clauses 17, 25	<input type="checkbox"/> The Minister must consult with the NRC before listing a native species as a feral species. <input type="checkbox"/> The Minister is to seek the advice of the NRC regarding any proposed amendment to the environmental outcomes assessment methodology. <input type="checkbox"/> The NRC may suggest amendments to the methodology.
<i>Threatened Species Conservation Act 1995</i>	s. 18, 21, 24, 25A, 90B, 126E, 128, 141B, 141C	<input type="checkbox"/> Establishes links between the NRC and the Threatened Species and Fisheries Scientific Committees and the Biological Diversity and Socio-Economic Advisory Councils. <input type="checkbox"/> The NRC may provide advice on preparation or review of a priorities action statement. <input type="checkbox"/> The Minister may suspend biodiversity certification based on the outcomes of any audit undertaken by the NRC.
<i>Water Management Act 2000</i>	s. 43A	<input type="checkbox"/> The Minister may extend the duration of a water sharing plan on the recommendation of the NRC. The section includes provisions for the NRC's review and report.
<i>Snowy Mountains Cloud Seeding Trial Act 2004</i>	s. 6, 8	<input type="checkbox"/> The Ministers must consult the NRC about any proposed suspension or termination of the cloud seeding trial. <input type="checkbox"/> The NRC is to supervise cloud seeding operations and report on the environmental impact of those operations.
<i>Forestry and National Park Estate Act 1998</i>	s. 15, 25	<input type="checkbox"/> A forest agreement can only be made after an assessment by the NRC.
<i>State Environmental Planning Policy No 71 – Coastal Protection</i>	s. 18, 21, 22	<input type="checkbox"/> The Minister must consult with the NRC when considering approval of a master plan or waiving the need for a master plan.

Appendix 2: Publications

PUBLICATION TOPIC	DATE	TITLE
Catchment Action Plans (CAPs)	November 2006	Recommendation: Hawkesbury Nepean CAP
	November 2006	Recommendation: Murray CAP
	November 2006	Recommendation: Murrumbidgee CAP
	September 2006	Recommendation: Border Rivers Gwydir CAP
	September 2006	Recommendation: Central West CAP
	September 2006	Recommendation: Hunter–Central Rivers CAP
	September 2006	Recommendation: Lachlan CAP
	September 2006	Recommendation: Namoi CAP
	September 2006	Recommendation: Northern Rivers CAP
	September 2006	Recommendation: Southern Rivers CAP
	September 2006	Recommendation: Western CAP
	September 2006	Progress of CAPs: Their place in current and future natural resource management in NSW
Cloud Seeding	June 2007	Progress report on the Snowy Mountains cloud seeding trial
Coastal Protection	April 2007	Master planning under SEPP 71: Periodic progress report
Environmental Outcomes Assessment Methodology	September 2006	Advice to the Minister on Amendments to Environmental Outcomes Assessment Methodology: Chapter 7 Invasive Native Scrub
	December 2006	Advice to the Minister on Amendments to Environmental Outcomes Assessment Methodology: Chapter 6 Soil Assessment and Appendix B
Landscape or Multi-farm Vegetation Plans	June 2007	A landscape approach to vegetation management
	September 2006	Draft guide for multi-property vegetation plans
	September 2006	Draft report: Managing vegetation at the landscape scale
Monitoring, Evaluation and Reporting	June 2007	Monitoring, evaluation and reporting: A comparative review of three institutional models
Water sharing plan for the Lower Lachlan groundwater source	November 2006	Scientific review: Lower Lachlan Groundwater Sharing Plan
Annual Report	October 2006	NRC Annual Report 2005/06

There are also a range of fact sheets available on our website at www.nrc.nsw.gov.au.

Appendix 3: Commitment to community values

NRC Code of Conduct

The NRC completed a review of its Code of Conduct and re-issued a revised code following staff consultation, briefing and workshops. During the expanded induction training, all new staff received training on the Code of Conduct. At team meetings, the Code of Conduct is regularly discussed to raise awareness, monitor adherence and explore ethical issues. Commitment to and implementation of the Code of Conduct, including ethical work practices, is a key component of the NRC's performance excellence process, as well as recruitment decisions.

NSW Government Action Plan for Women

The NRC fully supports and, where appropriate, works with other agencies to achieve the whole-of-government approach for addressing the concerns and interests of women in NSW. The NSW Government Action Plan for Women focuses on reducing violence, promoting safe and equitable workplaces, maximising interest in economic reforms, promoting the position of women in society, improving access for education, and improving the health and quality of life.

The NRC is committed to assisting women in its workplace and continuously aims to achieve the following strategies for all women in the NRC. During 2006/07 the NRC:

- ensured that access to learning and development programs were non-discriminatory
- provided equal access to and participation in decision-making and leadership structures
- supported flexible working arrangements to help women balance their work and family commitments. Two female staff commenced 12 months maternity leave and another returned to the workplace on a part-time basis following 12 months maternity leave.

The NRC exceeds the NSW government benchmark for female representation with 55% of employees female, up from 40% in 2005/06.

Ethnic Affairs Priority Statement

NRC activities are centred on providing independent advice to government and the NRC is not a direct service provider to the community, beyond consultation and information dissemination. The NRC therefore has reduced capacity to address Ethnic Affairs Priority Statement (EAPS) issues. The NRC respects the rights of Australian citizens and residents who wish to become citizens to seek employment from advertised vacancies in the NRC.

The NRC continued to implement its EAPS in the reporting period. This statement sets out a series of strategies that ensure the NRC continues to operate by the principles of multiculturalism. The NRC in 2006/07 undertook the following to implement EAPS:

- ensured information on EAPS is available to all prospective job applicants via the information pack and expanded careers website
- assessed applicants' knowledge, understanding and implementation of the principles of cultural diversity as they relate to the job as part of the recruitment process for all positions
- reviewed staff members' understanding and commitment to the principles of cultural diversity as they relate to the job as part of the performance appraisal of staff
- provided flexible work practices to enable individuals to meet personal, cultural or religious needs
- accommodated matters such as dietary requirements at functions in accordance with needs of the individual
- provided access to information and publications including tender advertisements via the internet.

In 2007/08, the NRC will continue to undertake the above initiatives, as well as disseminate information on EAPS to all team members.

Disability Action Plan

The NRC continued to implement its Disability Action Plan in the reporting period. In 2006/07 the NRC continued to:

- be accommodated in an office that is accessible to people with a disability
- choose venues for public consultations, hearings and meetings that are accessible to people with a disability and close to accessible public transport
- ensure all NRC staff are familiar with internal policies on equal employment opportunities and discrimination and respond sensitively to the needs of people with disability
- improve the accessibility of our website
- make any reasonable adjustment necessary for staff, contractors or visitors.

Equal Employment Opportunity Policies

The NRC's policies on equal employment opportunities (EEO), grievance handling and harassment prevention were reviewed and re-issued. All new staff were inducted in the policies on EEO, grievance handling and harassment prevention. The NRC's commitments to EEO were also discussed with all new consultants and contractors who were temporarily based in the NRC's offices as part of their specialised induction program. All staff are actively encouraged to balance work and family commitments through use of flexible work practices, including part-time work.

In 2007/08, the NRC will continue to:

- facilitate fair, transparent and inclusive decision-making forums
- emphasise the importance of adhering to EEO principles and NRC values as part of our performance excellence process
- discuss EEO at our team meetings to ensure all staff are kept up to date and aware of opportunities to promote fairness and diversity in the workplace
- emphasise EEO as part of recruitment
- provide equal access to professional development opportunities.

Number of employees by category as at 30 June 2007

CATEGORY	2006/07	2005/06	2004/05	2003/04
Commissioner (part-time)	1	1	1	1
Assistant Commissioners (part-time)	4	4	4	1
Executive Director	1	1	1	1
Manager, Corporate Services	1	1	1	1
Program Managers	1	2	2	1
Senior Adviser	1	1	1	0
Natural Resource Analysts	11	6	6	0
Executive Assistant	1	1	1	0
Team Support Officer	1	1	1	1

Trends in the representation of EEO groups

EEO GROUP	% OF TOTAL STAFF				
	BENCHMARK OR TARGET	2007	2006	2005	2004
Women	50%	55%	40%	53%	57%
Aboriginal people and Torres Strait Islanders	2%	0%	0%	0%	0%
People whose first language was not English	20%	16%	7%	7%	0%
People with a disability	12%	0%	0%	0%	0%
People with a disability requiring work-related adjustment	7%	0%	0%	0%	0%

Trends in the distribution of EEO groups

EEO GROUP	DISTRIBUTION INDEX				
	BENCHMARK OR TARGET	2004	2005	2006	2007
Women	100	n/a	n/a	n/a	n/a
Aboriginal people and Torres Strait Islanders	100	-	-	-	-
People whose first language was not English	100	n/a	n/a	n/a	n/a
People with a disability	100	-	-	-	-
People with a disability requiring work-related adjustment	100	-	-	-	-

Notes:

1. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20, as is the case with the NRC.
2. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
3. Staff numbers are as at 30 June 2007.
4. Excludes casual staff and temporary secondments.

Personnel and Industrial Relations Policies and Practices

The NRC confirmed and clarified with its staff its employment conditions policy and began formal negotiations with staff and the Public Service Association of NSW over the development of an industrial award specific to the NRC.

Occupational Health and Safety

The NRC continued to implement its occupational health and safety (OH&S) program in 2006/07. The NRC reviewed its program to improve OH&S outcomes in line with NSW Government policy on *Working Together – The Public Sector OHS and Injury Management Strategy for 2005–2008* and *Taking Safety Seriously*, and subsequently developed and implemented an OH&S Improvement Strategy for 2006–08. Specific initiatives in 2006/07 included:

- training all managers in OH&S
- a review of the OH&S policy
- conduct of a hazard identification and risk assessment to safeguard against staff injury risks and promote wellness
- consultation, risk identification and information awareness sessions as part of regular team meetings
- review, implementation and testing of emergency evacuation procedures
- modification of office furniture to facilitate safety and ease of use
- promotion of a healthy and safe workplace culture and encouraging fitness activities
- training three First Aid Officers
- provision of free telephone counselling services.

The NRC's average days taken of sick leave are significantly below the public sector benchmarks.

There were no prosecutions under the *Occupational Health and Safety Act 2000* for the NRC during this year and no reported accidents or injuries which resulted in a loss of work time. In 2007/08 the NRC will continue to implement its OH&S program, including creating and implementing a Healthy Work/Healthy Lifestyles Program.

Contract Executive Profile

The NRC has two positions, one executive and one non-executive (the Commissioner) that are equivalent to Senior Executive Service level 1 or higher. Both positions were substantively filled by males in 2005/06 and 2006/07. A female officer temporarily filled the duties of the Executive Director in 2006/07 while the Executive Director was on leave.

Salaries of statutory appointees and contract executives

No performance-related payments (bonuses) were made.

Assistant Commissioners

Assistant Commissioners are appointed by the Commissioner with the concurrence of the Premier. Assistant Commissioners work part time and are paid on a daily rate.

Privacy Management Plan

The NRC’s Privacy Management Plan complies with the *NSW Privacy Act and Personal Information Protection Act 1988*. It outlines:

- policies and practices
- details of information held
- review procedures.

The NRC is committed to protecting the privacy of its stakeholders, business contacts and employees.

Waste

NRC team members have an ongoing commitment in the area of waste reduction and regularly review administrative processes to look for further opportunities in this regard. Strategies employed by NRC to avoid waste and recover resources include:

- Reducing the generation of waste paper.** The NRC continues to promote its website for access to the many reports published each year, and gives consideration to electronic release of reports wherever possible. Multi-function office machines, which enable double-sided copying and printing, are also provided and their use encouraged to reduce paper usage.
- Recovering resources.** The NRC is reusing paper printed on one side for scribble pads and in personal laser printers for draft documents. A paper and cardboard recycling system is followed by NRC staff and managed through an organised building system. Empty toner cartridges are collected by outside organisations for recycling. All glass and plastic material is also separately recycled.
- Using recycled material.** All NRC office paper, excluding letterhead, is Green Wrap. This paper contains 50% recycled pulp, 10% waste products from the cotton industry and 40% from sustainable managed plantations. NRC purchases other recycled paper products, such as note books and pads, wherever possible. Remanufactured toner cartridges are procured for use in all black and white printers.

Energy management

The NRC is committed to being an energy efficient workplace. The NRC uses timed lighting and air conditioning in all areas of the tenancy, and purchases energy efficient office machines and equipment. In 2006/07, despite increasing staff numbers by 22%, the NRC reduced its energy consumption and energy expenditure compared to the previous year.

NRC electricity use 2005/06 and 2006/07

	TOTAL ENERGY CONSUMED kWh	ANNUAL COST
Electricity 2005/06	115,670.90	\$13,163.14
Electricity 2006/07	109,641.60	\$13,102.82
Savings	6,029.30	\$60.32

Appendix 4: Operations

Consultants

Due to the need for high-level scientific, audit and natural resource management expertise, the NRC's consultant expenditure for the reporting period was \$272,922.78.

The following consultancies over \$30,000 incurred expenditure by the NRC in 2006/07:

CONSULTANT	AMOUNT IN 2006/07	SERVICE
Hyder Pty Ltd	\$49,377.22	Provide up to 10 days of systems support to CMAs (this project commenced in 2005/06)
URS Pty Ltd	\$33,871.35	Undertake a scientific review of the Lower Lachlan Groundwater Sharing Plan
URS Pty Ltd	\$25,131.00	Detail the scope, approach, method and data requirements for the NRC's review of water sharing plans (this project commenced in 2005/06)
Total	\$108,379.57	

Consultancies engaged that cost less than \$30,000 per functional area:

FUNCTIONAL AREA	AMOUNT IN 2006/07
Independent natural resource management advice	\$55,696.30
Audit	\$30,556.58
CMA systems support	\$28,628.64
Technical/scientific reviews	\$37,037.19
Corporate support	\$12,624.50
Total	\$164,543.21

Asset Management Plan

An Asset Management Plan was reviewed and implemented during the period.

Complaints

The NRC did not receive any complaints in 2006/07.

Funds granted to non-government community organisations

No funds were granted to non-government community organisations in 2006/07.

Risk Management and Insurance

The NRC has comprehensive coverage for workers' compensation, motor vehicle, property and public liability insurance, provided through the NSW Treasury Managed Fund. During 2006/07, the NRC made no claims for workplace injuries or incidents.

Access to the NRC's premises is controlled by a building security system. Building security was heightened in 2006/07.

The information technology support contract provides for a Rapid Recovery Service to replace critical equipment in the event of failure.

The Business Continuity Plan was revised and tested. This plan includes disaster recovery strategies and a number of schedules of key information and contacts. Copies of the plan are stored in a number of off-site locations.

During 2006/07 the NRC implemented its new risk management systems through the Finance, Audit and Risk Management Group, which is made up of the Commissioner, Executive Director and Manager Corporate Services. External parties may be invited to attend specific meetings. The group meets monthly. See the Governance section under *How the NRC achieves results* for further information on risk management.

Internal and external reviews

There was one internal audit carried out during the period by the Internal Audit Bureau on procurement, and the financial accounts were audited by the Audit Office of NSW. No issues of any significance were detected or reported.

Report on account payment performance

Aged analysis at the end of each quarter

	CURRENT (i.e. within due date) (\$)	LESS THAN 30 DAYS OVERDUE (\$)	BETWEEN 30 & 60 DAYS OVERDUE (\$)	BETWEEN 60 & 90 DAYS OVERDUE (\$)	MORE THAN 90 DAYS OVERDUE (\$)
September Quarter	39,428	0	0	0	0
December Quarter	6,178	0	0	0	0
March Quarter	6,798	0	0	0	0
June Quarter	0	0	0	0	0

Accounts paid on time within each quarter

	TOTAL ACCOUNTS PAID ON TIME			TOTAL AMOUNT PAID (\$)
	TARGET	ACTUAL	\$	
September Quarter	88%	95%	450,769	494,000
December Quarter	88%	96%	491,056	533,461
March Quarter	88%	86%	354,443	401,532
June Quarter	88%	98%	720,107	722,881

During 2006/07 there were no instances where penalty interest was paid in accordance with section 18 of the *Public Finance and Audit (General) Regulation 1995*.

There were no significant events that affected payment performance during the reporting period.

Accounting services are provided by the Central Corporate Services Unit under the Department of Commerce.

Credit Card Certification

The NRC has two credit cards, with a combined limit of \$30,000, which have been certified as complying with procedures contained in the Treasurer's Direction and the *Public Finance and Audit Act 1983*.

External committees

The Commissioner chaired the Ministerial Review Committee. This committee was established by the Ministers for Natural Resources and the Environment to provide recommendations on changes that need to be made to the *Native Vegetation Act 2003* and its regulations. See the *Vegetation* chapter for further discussion of this committee which was disbanded in November 2006.

Internal committees

Two significant internal committees operated in 2006/07, the State Environmental Planning Policy (SEPP) 71 Committee and the Financial, Audit and Risk Management Group.

Electronic services

The NRC's chief outputs are our reports, which are available electronically on our website: www.nrc.nsw.gov.au. The NRC uses government contracts for electronic services. The NRC updated its website during 2006/07 and continuously monitors its electronic services to improve accessibility, quality and consistency with whole-of-government directions and policy.

Details of annual report production

The production costs of the annual report are \$8,760.00 (includes photo costs we incurred of \$1,580.00), and the printing costs are \$2,000.00.

An electronic copy of this report is available on the NRC's website: www.nrc.nsw.gov.au.

This report has been printed on recycled paper.

Overseas visits

No overseas visits were undertaken by NRC staff, nor any overseas visitors hosted by the NRC.

Land disposal and heritage management

The NRC does not own any property and no property was disposed of during the reporting year. The NRC possesses nothing of heritage value.

Appendix 5: Freedom of Information Act—Statement of Affairs

Under the *Freedom of Information Act 1989*, every NSW Government department or agency is required to publish an annual statement of affairs.

Availability of information

Copies of all documents in the NRC's public access library are available for public inspection at the NRC office, Level 10, 15 Castlereagh Street Sydney NSW 2000. Copies of all NRC publications are also available from our web site: www.nrc.nsw.gov.au.

All appropriate services are delivered through the website: www.nrc.nsw.gov.au.

Freedom of information procedures

To obtain NRC documents other than those identified in the public access library, application must be made in writing under the *Freedom of Information Act 1989*.

Since many documents are readily accessible through the NRC's public access arrangements and website www.nrc.nsw.gov.au, it is advisable to check the general availability of the document before making an application under the *Freedom of Information Act 1989*.

Freedom of information applications must be accompanied by a \$30.00 application fee and directed to:

Natural Resources Commission
GPO Box 4206
Sydney NSW 2001

Arrangements to inspect or obtain copies of documents can be made by contacting the Freedom of Information Coordinator on (02) 8277 4300.

Freedom of information requests in 2006/07

The NRC did not receive any request for documents under the *Freedom of Information Act 1989* in 2006/07 or in 2005/06.

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Shortened forms

CAP	Catchment Action Plan
CMA	Catchment Management Authority
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DCP	Development Control Plan
EAPS	Ethnic Affairs Priority Statement
EEO	equal employment opportunity
LEP	Local Environment Plan
NRC	Natural Resources Commission
NSW	New South Wales
ODEOPE	Office of the Director of Equal Opportunity in Public Employment
OH&S	occupational health and safety
SEPP	State Environmental Planning Policy

Front cover photos (clockwise from top left):

The Bellinger River (photo: Big Stock Photos); zero-till machinery at a field day in Wellington (photo: Tim Gardiner); Moruya coastline; Myall Lakes paperbarks; solar water pump near Tamworth; beachside Tamarama, Sydney (photo: Big Stock Photos); *Grevillia parviflora* ssp. *parviflora*, an endangered species native to the Hunter and Sydney regions (photo: Max Elliot).



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